The National Child Benefit

Progress Report: 2002

What is the National Child Benefit?

The National Child Benefit (NCB) initiative is a partnership among the federal, provincial and territorial governments[1] and First Nations that aims to help prevent and reduce the depth of child poverty, support parents as they move into the labour market and reduce overlap and duplication of government programs.

How the NCB Works

The NCB combines two key elements: monthly payments to low-income families with children, and benefits and services designed and delivered by the provinces and territories to meet the needs of families with children in each jurisdiction.

Under the NCB, the Government of Canada has increased the benefits it pays through the NCB Supplement[2] to low-income families with children, regardless of their source of income. In turn, most provinces, territories and First Nations have adjusted social assistance benefits provided on behalf of children by the full or partial amount provided under the NCB Supplement. These social assistance adjustments have allowed provinces and territories to pay for new and enhanced benefits and services for low-income families with children.

In all jurisdictions, no family receiving social assistance experienced a reduction in its overall level of income support as a result of the NCB.

Lowering the "Welfare Wall"

Before the NCB, moving from social assistance into a paying job often meant only a minimal increase in family income for low-income parents. It could also mean a loss of other valuable benefits, including health, dental and prescription drug benefits. As a result, families could find themselves financially worse off in low paying jobs as compared with being on welfare—a situation known as the "welfare wall".

The NCB works to reduce the welfare wall by providing child benefits outside of welfare and ensuring that enhanced benefits and services continue when parents move from social assistance to paid employment.

Monitoring the NCB's Progress

When federal, provincial and territorial Ministers Responsible for Social Services introduced this innovative approach to supporting Canadian children and their families in 1998, they made a commitment to report on the progress in achieving its goals. The *NCB Progress Report: 2002* is the fourth in the series of such reports.

The report shows that the numbers of low-income families with children in Canada continues to decline.[3]

- The incidence of low income among families with children dropped from a peak of 15.8 percent in 1996 to 11.4 percent in 2000.
- The number of children living in low-income families is down by 307,200 from a peak of 1,174,800 in 1996 to 867,600 in 2000.

Improving economic conditions contributed significantly to this positive outcome. But so did the contributions of Canada's federal, provincial and territorial governments through the NCB initiative.

For the first time, the *NCB Progress Report: 2002* shows the NCB is making progress toward meeting all three of its goals, while providing provinces and territories and First Nations with the flexibility to meet their particular needs. For example:

Goal 1: Reduction of Child Poverty:

- As a result of the NCB in 2000,[4] 55,000 children in 22,900 families were not living in low income, a 5.1 percent reduction in the number of low-income families or 1 in 20. These families with children saw their average disposable income increase by almost $1,800, or 7.5 percent.
- Families with children living in low income in 2000 were, on average, about $700 better off, representing an increase in their average disposable income of 4.1 percent.
- The low-income gap was reduced by $320 million, a decline of 9.6 percent in 2000.

Goal 2: Promotion of Labour Market Attachment:

- In most jurisdictions, the NCB is making paid work financially more attractive than social assistance for families by improving the difference between minimum wage employment and social assistance. This improvement was associated with a reduced dependency on social assistance among families with children.

- In 1997, before the NCB, disposable incomes of single-parent families with two children declined by more than 8 percent when they left social assistance for full-time minimum wage employment. By 2001, their disposable incomes were 2 percent higher after leaving social assistance—an overall improvement of more than 10 percentage points since 1997. The NCB was responsible for 72 percent of that improvement.
- There is evidence that the reduction in the welfare wall brought about by the NCB was associated with a decline in the social assistance caseloads among families with children and a decline in the length of time single-parent families spend on social assistance.

Goal 3: Reduction of Program Overlap and Duplication:

- Simplified administration of child benefits allowed many jurisdictions to combine the NCB Supplement with provincial/territorial child benefits into a single integrated payment. Furthermore, the flexibility of the NCB agreement allowed provincial, territorial and First Nations governments to respond to the local needs of low-income families.

■ The Federal Government's Contribution to the NCB

The Government of Canada contributes to the NCB initiative through a supplement to its Canada Child Tax Benefit (CCTB) system. This additional payment is called the NCB Supplement. It provides extra support to low-income families with children by topping up the monthly payments they receive under the CCTB system.

Increasing Benefits for Canadian Families

Since the NCB was introduced in 1998, the Government of Canada has steadily increased its investment in children and their families through the base benefit of the CCTB and the NCB Supplement.

- The **base benefit of the CCTB** provides child benefits to all low- and middle-income families. In 2001-2002, the Government of Canada provided $5.2 billion through the base benefit of the CCTB to 3.2 million families with 5.8 million children, or approximately 82 percent of Canadian families with children.
- The **NCB Supplement** provides low-income families with additional child benefits on top of the base benefit. In 2001-2002, the Government of Canada provided $2.5 billion through the NCB Supplement to 1.5 million families with 2.7 million children, or 40 percent of all Canadian families with children.

When the NCB initiative was introduced in 1998, the Government of Canada invested $1.1 billion through the NCB Supplement. This amount is projected to reach $2.8 billion in 2003-2004.

■ Provincial, Territorial and First Nations Components of the NCB

Increases in the federal NCB contribution have allowed provinces and territories to reduce the direct cost of social assistance payments to families with children. These provincial and territorial "savings" can be redirected to programs and services that benefit low-income families with children in

Annual Maximum CCTB (including the NCB Supplement) Benefits* for the July 2003 to June 2004 benefit year

Number of Children	Base Benefit of the CCTB	NCB Supplement	Total	Monthly Benefit
1st child	$1,169	$1,463	$2,632	$219.33
2nd child	$1,169	$1,254	$2,423	$201.92
3rd and each additional child	$1,251	$1,176	$2,427	$202.25

Families that had net incomes below $21,529 in 2002 qualify for the maximum base benefit of the CCTB and maximum NCB Supplement. Families that had net incomes between $21,529 and $33,487 in 2002 qualify for the maximum base benefit of the CCTB and part of the NCB Supplement. Families that had net incomes above $33,487 in 2002 qualify for a part of the base benefit of the CCTB.

*In 2003-2004, there is also an additional supplement of $232 provided for each child less than seven years of age for whom no child care expenses were claimed.

their jurisdictions. This means benefits to social assistance families can be maintained at the same level as before and provincial and territorial funds can be invested instead in "NCB reinvestments" to improve the lives of children.

Provinces, territories and First Nations reinvested and invested a total of $692.4 million in 2001-2002 (estimated to increase to $777 million for 2002-2003) in programs and services in five main areas:

Child benefits and earned income supplements—to provide low-income families with more money so parents can stay in jobs working toward higher wages.

Child/daycare initiatives—to help low-income families cover extra child care costs incurred when working.

Early childhood services and children-at-risk services—to help children get a healthy start in life by providing support to low-income families when their children are very young.

Supplementary health benefits—so that families can keep important health benefits when they move from welfare to work.

Other NCB initiatives—other programs and services as determined by individual provinces and territories.

First Nations and the NCB

The federal government is responsible for ensuring programs for First Nations children on reserve are comparable to those available to other Canadian children. Under the NCB, First Nations also have flexibility to reinvest savings from adjustments to social assistance budgets because of the NCB into programs and services tailored to meet the needs and priorities of individual communities. Some 600 First Nations participate in the NCB and each runs its own programs. For 2001-2002, First Nations reinvestments and investments in programs and services were $57.2 million and are estimated to be $51.9 million for 2002-2003.

The Way Ahead

The NCB initiative has established the key components of an integrated child benefit system. This system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial, territorial and First Nations levels.

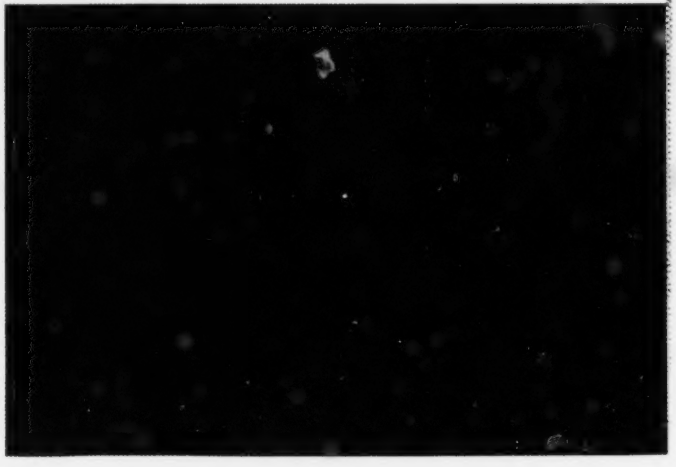
The *NCB Progress Report: 2002* confirms that the NCB is making a significant and ongoing contribution to the goal of reducing and preventing child poverty in Canada and is meeting its specific program objectives.

The information contained in this report builds on the data and analysis presented in the *NCB Progress Report: 2001*. In particular, the current report goes further in documenting the progress of the NCB in reducing the number of children and families living in low income and in promoting increased labour force attachment.

The 2003 federal Budget announced further increases to the NCB Supplement so that by 2007-2008 an additional $965 million per year will be invested by the Government of Canada to help children and their families. For low-income families with children, this means an increase in the NCB Supplement of $150 per child as of July 2003, $185 in July 2005, and $185 in July 2006, plus indexation adjustments. This is projected to bring annual federal support to Canadian families with children delivered through the CCTB system to over $10 billion per year by 2007-2008. This will bring benefit levels for a family with two children from a maximum of $4,682 in 2002-2003 to a projected $6,259 by 2007-2008.

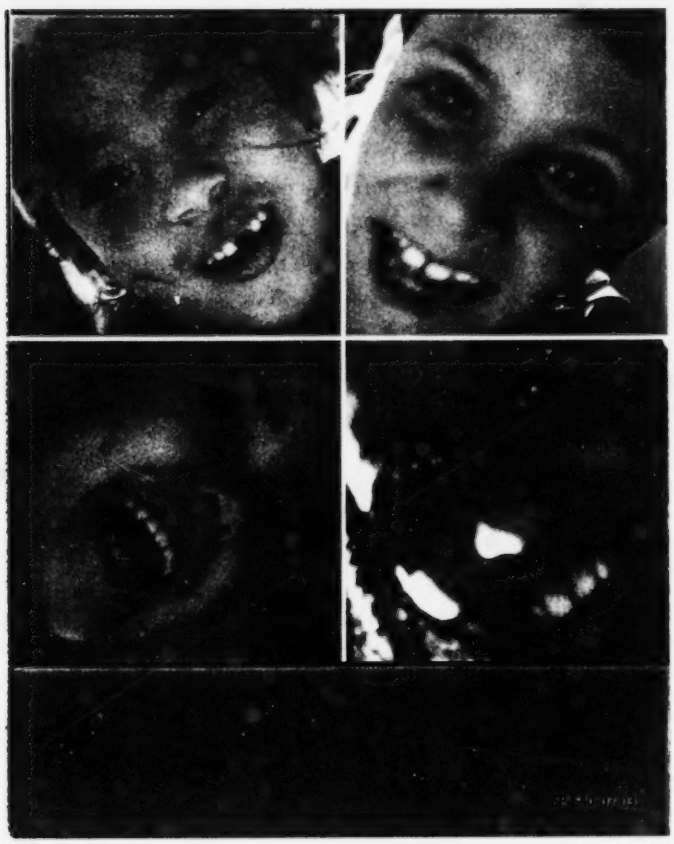
The federal, provincial and territorial governments and First Nations will continue to build on this platform of child benefits and will keep Canadians informed of the progress being made.

For further information please see the National Child Benefit website at: **www.nationalchildbenefit.ca**.



La Prestation nationale pour enfants

Rapport d'étape : 2002



■ En quoi consiste la Prestation nationale pour enfants?

La Prestation nationale pour enfants est un partenariat entre les gouvernements fédéral, provinciaux et territoriaux[1] et les Premières nations qui vise à prévenir et à réduire l'étendue de la pauvreté chez les enfants, à faciliter l'intégration des parents au marché du travail et à réduire le double emploi et les chevauchements dans les programmes gouvernementaux.

Fonctionnement de la PNE

La PNE combine deux éléments clés : des versements mensuels aux familles à faible revenu qui ont des enfants ainsi que des prestations et des services conçus et administrés par les provinces et les territoires en vue de répondre aux besoins des familles avec enfants de leur province ou territoire.

Dans le cadre de la PNE[2], le gouvernement du Canada a augmenté les prestations qu'il verse par le biais du Supplément de la PNE aux familles à faible revenu qui ont des enfants, indépendamment de leur source de revenu. En retour, la plupart des provinces, des territoires et des Premières nations ont rajusté leurs prestations d'aide sociale destinées aux enfants d'un montant égal ou moindre à celui du Supplément de la PNE. Ces rajustements de l'aide sociale ont permis aux provinces et aux territoires d'offrir aux familles qui ont des enfants de nouvelles prestations ou de nouveaux services, ou encore d'améliorer les prestation ou les services existants.

Aucune famille bénéficiaire de l'aide sociale de ces administrations n'a vu le montant total de ses prestations réduit en raison de la PNE.

Abaisser le « mur de l'aide sociale »

Avant la PNE, il arrivait souvent que les parents de familles à faible revenu qui quittaient l'aide sociale pour intégrer le marché du travail ne bénéficient que d'une légère augmentation de leur revenu. Cette transition pouvait également signifier une perte de prestations importantes, comme les prestations supplémentaires pour les services de santé, les soins dentaires et les médicaments d'ordonnance. Par conséquent, des familles pouvaient se retrouver dans une situation plus désavantageuse si les parents quittaient l'aide sociale pour accepter un travail faiblement rémunéré, une situation connue sous le nom de « mur de l'aide sociale ».

La PNE s'attaque au mur de l'aide sociale en fournissant des prestations en dehors du cadre de l'aide sociale et en s'assurant de maintenir les prestations et les services bonifiés destinés aux parents lorsque ceux-ci passent de l'aide sociale à un travail rémunéré.

■ Surveillance des progrès de la PNE

Lorsque les ministres fédéral, provinciaux et territoriaux responsables des services sociaux ont instauré, en 1998, cette initiative novatrice visant le soutien des enfants canadiens et de leur famille, ils se sont engagés à présenter les progrès des objectifs de l'initiative. Le document *La Prestation nationale pour enfants — Rapport d'étape 2002* est le plus récent d'une série de quatre rapports destinés à présenter ces progrès.

Le présent rapport montre que le nombre de familles canadiennes à faible revenu qui ont des enfants continue de diminuer[3].

- La proportion des familles à faible revenu ayant des enfants est passé de 15,8 pour cent, en 1996, à 11,4 pour cent, en 2000.
- Le nombre d'enfants vivant dans une famille à faible revenu a chuté de 307 200, passant de 1 174 800, en 1996, à 867 600, en 2000.

L'amélioration de la situation économique a certes largement contribué à ce résultat positif, mais les contributions des gouvernements fédéral, provinciaux et territoriaux par le biais de la PNE ont également joué un rôle important.

Pour la première fois, le rapport d'étape 2002 de la PNE montre que celle-ci fait des progrès vers l'atteinte de ses trois objectifs, tout en procurant aux provinces, aux territoires et aux Premières nation la flexibilité de répondre à leurs besoins particuliers. Par exemple :

Premier objectif : Réduction de la pauvreté chez les enfants

- En 2000[4], grâce à la PNE, 22 900 familles comptant 55 000 enfants ne faisaient plus partie des familles à faible revenu, une réduction de 5,1 pour cent des familles à faible revenu, soit 1 famille sur 20. Ces familles avec enfants ont vu leur revenu disponible moyen augmenter de près de 1 800 $, ou de 7,5 pour cent.
- En 2000, le revenu disponible moyen des familles à faible revenu ayant des enfants a augmenté d'environ 700 $, ce qui représente une hausse de 4,1 pour cent.
- L'écart de faible revenu a été réduit de 320 millions de dollars, une baisse de 9,6 pour cent en 2000.

Deuxième objectif : Promotion de l'intégration au marché du travail

- Dans la plupart des administrations, la PNE contribue à rendre le travail rémunéré plus attrayant que l'aide sociale pour les familles en augmentant l'écart qui existe entre le revenu d'un emploi à salaire minimum et l'aide sociale. Cette amélioration a été associée à une dépendance réduite des familles ayant des enfants envers l'aide sociale.

- En 1997, avant l'instauration de la PNE, le revenu disponible d'une famille monoparentale comptant deux enfants diminuait de plus de huit pour cent lorsque le parent quittait l'aide sociale pour accepter un emploi à plein temps au salaire minimum. En 2001, le revenu disponible de cette famille était de deux pour cent supérieur après avoir quitté l'aide sociale, une amélioration générale de plus de 10 points de pourcentage depuis 1997. La PNE était responsable de 72 pour cent de cette amélioration.
- Les statistiques montrent que l'abaissement du mur de l'aide sociale occasionné par la PNE était associé à une diminution du nombre de familles avec enfants bénéficiaires de l'aide sociale et à une réduction de la durée pendant laquelle les familles monoparentales bénéficiaient de l'aide sociale.

Troisième objectif : Réduction du double emploi et des chevauchements dans les programmes

- L'administration simplifiée des prestations pour enfants a permis à un bon nombre de provinces et territoires de combiner le Supplément de la PNE et les prestations pour enfants provinciales ou territoriales en un seul versement intégré. La flexibilité de la PNE a également permis aux gouvernements provinciaux et territoriaux et aux Premières nations de répondre aux besoins locaux des familles à faible revenu.

La contribution du gouvernement fédéral à la PNE

Le gouvernement du Canada contribue à la PNE par le biais d'un supplément administré dans le cadre de la Prestation fiscale canadienne pour enfants (PFCE). Ce versement supplémentaire, appelé Supplément de la PNE, procure des fonds additionnels aux familles à faible revenu qui ont des enfants, en augmentant les versements mensuels qu'elles reçoivent de la PFCE.

Des prestations bonifiées pour les familles canadiennes

Depuis l'instauration de la PNE, en 1998, le gouvernement du Canada a augmenté régulièrement ses investissements destinés aux enfants et à leur famille par le biais de la prestation de base de la PFCE et du Supplément de la PNE.

- La **prestation de base de la PFCE** offre des prestations pour enfants à toutes les familles à revenu faible et moyen. En 2001-2002, le gouvernement du Canada a versé 5,2 milliards de dollars par l'entremise de la prestation de base de la PFCE à 3,2 millions de familles comptant 5,8 millions d'enfants, soit environ 82 pour cent des familles canadiennes ayant des enfants.
- Le **Supplément de la PNE** procure aux familles à faible revenu des prestations pour enfants qui s'ajoutent à la prestation de base. En 2001-2002, le gouvernement du Canada a versé 2,5 milliards de dollars par le biais du Supplément de la PNE à 1,5 million de familles comptant 2,7 millions d'enfants, soit 40 pour cent de toutes les familles canadiennes ayant des enfants.

Le gouvernement du Canada a investi 1,1 milliard de dollars dans le Supplément de la PNE en 1998, l'année de l'instauration de la PNE. On prévoit que ce montant grimpera à 2,8 milliards de dollars en 2003-2004.

La PNE pour les provinces, les territoires et les Premières nations

Les augmentations de la contribution fédérale à la PNE ont permis aux provinces et aux territoires de réduire les coûts directs de leurs versements d'aide sociale aux familles ayant des enfants. Ces « économies » provinciales et territoriales peuvent être réinvesties dans des programmes et des services destinés aux familles à faible revenu avec enfants de la province ou du territoire, ce qui signifie que les prestations aux familles bénéficiaires de l'aide sociale peuvent être maintenues au même

Versement annuel maximal de la PFCE* (y compris le Supplément de la PNE) pour l'exercice juillet 2003 à juin 2004 du programme

Nombre d'enfants	Prestation de base de la PFCE	Supplément de la PNE	Total	Versement mensuel
Premier enfant	1 169 $	1 463 $	2 632 $	219,33 $
Deuxième enfant	1 169 $	1 254 $	2 423 $	201,92 $
Troisième enfant et chaque enfant additionnel	1 251 $	1 176 $	2 427 $	202,25 $

Les familles qui ont gagné un revenu net inférieur à 21 529 $, en 2002, ont droit à la prestation de base maximale de la PFCE et à la prestation maximale du Supplément de la PNE. Les familles qui ont gagné un revenu net situé entre 21 529 $ et 33 487 $, en 2002, ont droit à la prestation de base maximale de la PFCE et à une partie du Supplément de la PNE. Les familles qui ont gagné un revenu net de plus de 33 487 $ en 2002, ont droit à une partie de la prestation de base de la PFCE.

*En 2003-2004, un montant supplémentaire de 232 $ est également accordé pour chaque enfant de sept ans et moins à l'égard duquel aucune dépense de service de garde n'a été réclamée.

niveau et que les provinces et les territoires peuvent ainsi investir dans des « réinvestissements liés à la PNE » conçus pour améliorer le sort des enfants.

Les provinces, les territoires et les Premières nations ont réinvesti et investi 692,4 millions de dollars en 2001-2002 (on estime que ce montant passera à 777,0 millions en 2002-2003) dans des programmes et des services touchant cinq secteurs principaux :

Prestations pour enfants et suppléments au revenu gagné — Procurer aux familles à faible revenu des fonds additionnels afin de les inciter à garder leur emploi et à travailler en vue d'obtenir une meilleure rémunération.

Services de garde d'enfants et garderies — Aider les familles à faible revenu dont les parents travaillent à assumer les coûts supplémentaires associés à la garde des enfants.

Services à la petite enfance et aux enfants à risque — Aider les enfants à bien partir dans la vie en procurant un soutien aux familles à faible revenu lorsque leurs enfants sont en bas âge.

Prestations d'assurance-maladie complémentaires — Veiller à ce que les parents qui quittent l'aide sociale pour intégrer le marché du travail puissent conserver la prestation de soins de santé importants.

Autres programmes, prestations et services liés à la PNE — Les autres programmes et services conçus par chaque province et territoire.

Les Premières nations et la PNE

Le gouvernement fédéral a la responsabilité de s'assurer que les programmes destinés aux enfants autochtones des réserves soient comparables à ceux offerts aux autres enfants canadiens. Grâce à la PNE, les Premières nations ont également la flexibilité de réinvestir les économies réalisées dans le cadre des rajustements de leur programme d'aide sociale liés à la PNE dans des programmes et des services conçus pour répondre aux besoins et aux priorités propres à leur communauté. Quelques 600 Premières nations participent à la PNE, et chacune d'elles administre son propre programme. Les réinvestissements et les investissements des Premières nations dans des programmes et des services ont atteint 57,2 millions de dollars en 2001-2002, et sont estimés à 51,9 millions en 2002-2003.

Perspectives

L'initiative de la PNE a permis l'établissement des éléments principaux d'un régime intégré de prestations pour enfants. C'est ainsi qu'a été mis en place un meilleur instrument national pour les prestations pour enfants, concurremment avec des prestations et des services supplémentaires offerts par les provinces et les territoires, et par les Premières nations.

Le document *La Prestation nationale pour enfants — Rapport d'étape 2002* confirme que la PNE contribue de façon importante et continue à l'objectif de réduction de la pauvreté chez les enfants, au Canada, et qu'elle est en bonne voie de réaliser ses objectifs.

L'information contenue dans le présent rapport est fondée sur les données et les analyses présentées dans le document *La Prestation nationale pour enfants — Rapport d'étape 2001*. Le rapport d'étape 2002 va toutefois plus loin, notamment en documentant les progrès de la PNE en ce qui concerne la réduction du nombre des enfants et des familles qui vivent avec un faible revenu et en faisant la promotion d'une intégration supérieure au marché du travail.

Le budget 2003 du gouvernement fédéral annonçait d'autres augmentations du Supplément de la PNE, de sorte que, d'ici 2007-2008, 965 millions de dollars supplémentaires seront investis par le gouvernement du Canada pour aider les enfants et leur famille. Pour les familles à faible revenu qui ont des enfants, cette annonce représente une augmentation du Supplément de la PNE de 150 $ par enfant à partir de juillet 2003, de 185 $, en juillet 2005, et de 185 $ en juillet 2006, plus les rajustements liés à l'indexation. On prévoit que ces augmentations feront grimper le soutien que le gouvernement fédéral verse, par le biais de la PFCE, aux familles canadiennes qui ont des enfants à plus de 10 milliards de dollars par an d'ici 2007-2008. Ainsi, une famille de deux enfants qui a bénéficié d'un maximum de 4 682 $, en 2002-2003, devrait recevoir 6 259 $ d'ici 2007-2008.

Les gouvernements fédéral, provinciaux et territoriaux, et les Premières nations continueront de développer ce système et informeront les Canadiens et les Canadiennes des progrès réalisés.

Pour en savoir davantage, veuillez consulter le site Web de la Prestation nationale pour enfants, à **www.nationalchildbenefit.ca**.

BACKGROUNDER

The National Child Benefit

Reducing Child Poverty in Canada

Introduced in 1998, the National Child Benefit (NCB) initiative is a unique partnership among federal, provincial and territorial governments[1] and First Nations.

The NCB is a balanced approach of income supports and in-kind benefits and services for low-income families.

The three goals of the NCB set by Ministers Responsible for Social Services are to:

- help prevent and reduce the depth of child poverty in Canada;
- promote attachment to the work force—resulting in fewer families having to rely on social assistance—by ensuring that families will always be better off as a result of working; and
- reduce overlap and duplication through closer harmonization of program objectives and benefits and through simplified administration.

The NCB was designed to encourage parents to move into and remain in the work force by providing benefits and services for children outside of social assistance.

Under the NCB initiative, the Government of Canada provides income support for children, whether or not the parents are working. The NCB Supplement was introduced as a component of the federal Canada Child Tax Benefit (CCTB) system. The NCB Supplement acts as a foundation upon which provinces, territories and First Nations can build to support the transition from welfare to work.

Specifically, their programs are designed so that low-income parents do not lose access to services—such as child care, early childhood services and supplementary health benefits—when they accept a job.

One of the strengths of the NCB initiative is its flexibility to allow provinces, territories and First Nations to meet the needs of their citizens while fulfilling the objectives of the initiative. Many jurisdictions have chosen to provide additional income support through

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[1] While the Government of Quebec agrees with the basic principles of the National Child Benefit (NCB), it chose not to participate in this initiative because it wanted to assume control over income support for children in Quebec. However, Quebec residents benefit from the increased Canada Child Tax Benefit and from important investments made by the Government of Quebec towards family and childhood services as part of Quebec's Family Policy. In this document, references to joint federal/provincial/territorial positions do not include Quebec.

earnings supplements. Others have continued to provide income support of children in low-income families on social assistance.

All jurisdictions participating in the NCB initiative are making progress toward meeting the three goals of the NCB.

The NCB Supplement is the federal contribution, while provinces, territories and First Nations reinvest available social assistance savings and invest additional provincial funds in a variety of benefits and services.

Federal Component

The Government of Canada is increasing income support benefits for children in low-income families through the NCB Supplement component of the Canada Child Tax Benefit (CCTB).

The NCB Supplement is paid in addition to the CCTB base benefit, a tax-free monthly payment made to more than 82 percent of Canadian families to help them with the cost of raising children under age 18. Between July 2001 and June 2002, $5.2 billion in benefits were paid to approximately 3.2 million families with 5.8 million children.

Between July 2001, and June 2002, the NCB Supplement provided $2.5 billion in benefits to approximately 1.5 million families with 2.7 million children. This represents 40 percent of all Canadian families with children.

Provincial, Territorial and First Nations Component

Most provinces, territories and First Nations have adjusted the income support benefits they provide to families with children, while ensuring that people receiving these supports have at least the same level of income as before the NCB.

These savings have enabled provinces, territories and First Nations to direct reinvestment money into new and expanded benefits and services for low-income families with children that meet the goals of the NCB. Many have also invested additional provincial funds into these benefits and services.

Provincial and territorial reinvestments and investments focus on:

- child benefits
- earned income supplements
- child/day care initiatives
- supplementary health benefits
- early childhood services and children-at-risk services

Approximately 600 First Nations participate in the NCB, through reinvestments that meet the priorities of their individual communities and further the goals of the NCB. These

initiatives focus on child/day care, child nutrition, early childhood development, employment and training opportunities and other supports such as cultural/traditional teachings, recreation and youth development.

Is the National Child Benefit Making a Difference?

The *NCB Progress Report: 2002* confirms that the proportion of low-income families with children is steadily declining, dropping from a high of 15.8 percent in 1996 to a low of 11.4 percent in 2000.

The report compared the child benefits structure in 2000[2] with what it would have been without the introduction of the NCB and found that

- an estimated 55,000 children in 22,900 families were not in a low-income situation—or 5.1 percent fewer low-income families—as a result of the NCB, and

- for these families with children, the average disposable income was higher by almost $1,800 or 7.5 percent more than it would have been without the NCB.

The report also highlights that, in general, the NCB has made work financially more attractive for low-income families, reducing dependency on social assistance.

There is evidence that families with children are less reliant on social assistance as a result of the introduction of the NCB. The NCB has contributed to declines in the social assistance caseloads of families with children, compared to the caseloads of families without children, as well as a decline in the length of time some single-parent families spend on social assistance. Specifically, the reduction in the welfare wall by the NCB was associated with a decline in the social assistance caseloads for families with children and a decline in the length of time single parents spend on social assistance.

How Much Is Being Invested?

In 2001-2002, the Government of Canada's investment in the National Child Benefit Supplement increased to $2.5 billion from $1.9 billion. The number of children receiving the NCB Supplement also increased—from 2,648,000 children in 2000-2001 to 2,690,700 in 2001-2002.

Provincial, territorial and First Nations reinvestments and investments in programs and services for children and their families are estimated to have increased from $592 million in 2000-2001 to $692.4 million in 2001-2002.

First Nations NCB reinvestments and investments are estimated to have totaled $57.2 million in 2001-2002.

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[2] This analysis is based on data from Statistic Canada's Survey of Labour and Income Dynamics (SLID), using post-tax Low-Income Cut-Offs (LICOs).

The federal Budget 2003 announced a significant increase of $965 million per year in the NCB Supplement to the Canada Child Tax Benefit (CCTB) by 2007-2008, which will help lower the welfare wall and help families break out of the cycle of poverty. With these increases, assistance to families with children through the CCTB is projected to reach $10 billion in 2007-2008.

This increase is projected to bring the maximum annual benefit for a first child to $3,243 by 2007-2008 and to $6,259 for a two-child family—more than double the amount provided in 1996-1997.

National Child Benefit Initiatives by Provinces, Territories and First Nations

As part of the NCB initiative, provinces, territories and First Nations have reinvested and invested more money into programs and services for low-income families with children, such as the following:

Child benefits and earned income supplements—to provide low-income families with more money, and help parents stay in jobs, working toward higher wages.

Child/day care initiatives—to help low-income parents cover the extra child care costs they have because they are working.

Early childhood services and children-at-risk services—to support low-income families when their children are very young, so they can give their kids a healthy start in life.

Supplementary health benefits—to make sure that families can keep important health benefits when parents move from social assistance to work.

Other NCB initiatives—programs and services to meet the particular needs of children in each province and territory.

The Way Ahead

The NCB initiative has established the key components of an integrated child benefits system. The system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial, territorial and First Nations levels.

Since 1997, the Government of Canada has increased the level of benefits paid to low-income families in July of each year. The 2000 federal Budget took steps to both enhance this platform and ensure its sustainability through a third significant investment in the NCB and restored full indexation to the personal income tax system. In 2001-2002, this brought the total investment in the CCTB to $7.6 billion, including an investment of $2.5 billion in the NCB Supplement.

The 2003 federal Budget demonstrated again the Government of Canada's commitment to helping low-income families with children break the cycle of poverty while helping parents enter the work force. In addition to the current $2.5 billion invested annually in the NCB Supplement, the 2003 Budget announced a significant long-term investment plan that will provide for a $965 million-per-year increase in the NCB Supplement by 2007-2008. This investment is projected to bring annual federal support to Canadian families with children delivered through the CCTB system to over $10 billion per year by 2007-2008. These measures, along with a strong economy, are expected to contribute to additional reductions in the incidence of low income among families with children in the years to come.

The benefits and services provided by provinces, territories and First Nations under the NCB initiative are equally important. These investments have been expanded since the NCB was established and have benefited from jurisdictions' shared knowledge and experiences. Federal, provincial and territorial cooperation has been key to the success of the NCB initiative.

Through NCB reinvestments by approximately 600 First Nations across the country, the Government of Canada continues to work in partnership with First Nations to realize the shared goal of improving the quality of life for Aboriginal peoples, especially children. Looking ahead, Indian and Northern Affairs Canada will continue to work with other federal departments, jurisdictions and First Nations to develop and implement an action plan informed by recent evaluations.

All participating jurisdictions remain committed to work toward improving the situation for families in Canada, and to inform Canadians about progress made.

As the NCB initiative moves forward, more results and impacts will become available. These will be the focus of future Progress Reports, demonstrating the commitment of governments to report to the public on NCB results.

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DOCUMENT D'INFORMATION

La Prestation nationale pour enfants

Réduire la pauvreté infantile au Canada

Lancée en 1998, l'initiative de la Prestation nationale pour enfants (PNE) est un partenariat unique entre les gouvernements fédéral, provinciaux et territoriaux[1] ainsi qu'avec les Premières nations.

La PNE est une approche équilibrée visant à offrir un soutien du revenu ainsi que des prestations et services en nature aux familles à faible revenu.

Les trois objectifs de la PNE établis par les ministres responsables des Services sociaux sont les suivants :

- aider à prévenir et à réduire l'étendue de la pauvreté infantile au Canada;
- promouvoir la participation au marché du travail – d'où la diminution du nombre de familles qui dépendent de l'aide sociale – en veillant à ce qu'il soit toujours plus avantageux pour les familles de travailler;
- réduire le chevauchement et le double emploi par une plus grande harmonisation des objectifs et des prestations de programme et par la simplification de l'administration.

La PNE a été conçue pour encourager les parents à joindre la population active et à y demeurer en offrant des prestations et des services pour les enfants, et ce hors du réseau de l'aide sociale.

Dans le cadre de l'initiative de la PNE, le gouvernement du Canada offre un soutien du revenu aux enfants, peu importe que leurs parents travaillent ou non. Le Supplément de la PNE constitue un volet de la Prestation fiscale canadienne pour enfants (PFCE). Le Supplément de la PNE sert d'assise sur laquelle les provinces, les territoires et les Premières nations peuvent s'appuyer pour soutenir la transition de l'aide sociale au travail.

De façon plus précise, leurs programmes sont conçus de manière à ce que les parents à faible revenu ne perdent pas accès aux services – comme les services de garde d'enfants,

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[1] Bien que le gouvernement du Québec soit d'accord avec les principes de base de la Prestation nationale pour enfants (PNE), il a choisi de ne pas participer à cette initiative car il souhaite conserver le contrôle du soutien du revenu pour les enfants du Québec. Toutefois, les résidants du Québec tirent profit de l'augmentation de la Prestation fiscale canadienne pour enfants et des investissements importants réalisés par le gouvernement du Québec dans les services à la famille et à l'enfance en vertu de la politique familiale du Québec. Dans le présent document, les références aux positions conjointes des gouvernements fédéral, provinciaux et territoriaux n'incluent pas le Québec.

les services à la petite enfance et les prestations de soins de santé complémentaires – lorsqu'ils acceptent un emploi.

L'une des forces de l'initiative de la PNE est qu'elle possède la souplesse voulue pour permettre aux provinces, aux territoires et aux Premières nations de répondre aux besoins de leurs citoyens tout en atteignant les objectifs qu'elle comporte. Bon nombre d'administrations ont choisi de fournir un soutien du revenu additionnel par l'entremise de suppléments de revenu. D'autres ont continué de fournir un soutien du revenu aux enfants des familles à faible revenu touchant de l'aide sociale.

Toutes les administrations qui participent à l'initiative de la PNE réalisent des progrès dans la poursuite des trois objectifs de la PNE.

Le Supplément de la PNE représente la contribution fédérale, tandis que les provinces, territoires et Premières nations réinvestissent les économies d'aide sociale et investissent des fonds provinciaux additionnels dans divers services et prestations.

Volet fédéral

Le gouvernement du Canada accroît les prestations du soutien du revenu pour les enfants des familles à faible revenu par l'entremise du Supplément de la PNE de la Prestation fiscale canadienne pour enfants (PFCE).

Le montant du Supplément de la PNE s'ajoute à la prestation de base de la PFCE, un paiement mensuel non imposable versé à plus de 82 % des familles canadiennes afin de les aider à assumer ce qu'il en coûte pour élever un enfant de moins de 18 ans. Entre juillet 2001 et juin 2002, on a versé 5,2 milliards de dollars à environ 3,2 millions familles avec 5,8 millions d'enfants.

Entre juillet 2001 et juin 2002, un montant de 2,5 milliards de dollars a été versé par l'entremise du Supplément de la PNE à environ 1,5 million familles avec 2,7 millions d'enfants, ce qui représente 40 % de toutes les familles canadiennes avec enfants.

Provinces, territoires et Premières nations

La plupart des provinces, des territoires et des Premières nations ont apporté des ajustements aux prestations de soutien du revenu qu'ils versent aux familles avec enfants tout en veillant à ce que les gens qui reçoivent ces soutiens aient au moins le même niveau de revenu qu'avant l'instauration de la PNE.

Ces économies ont permis aux provinces, aux territoires et aux Premières nations de réinvestir des fonds dans des prestations et des services nouveaux et élargis pour les familles à faible revenu avec enfants qui répondent aux objectifs de la PNE. Bon nombre d'entre eux ont également investi des fonds provinciaux additionnels dans ces prestations et services.

Les investissements et réinvestissements provinciaux et territoriaux portent sur :

- les prestations pour enfants;
- les suppléments au revenu gagné;
- les initiatives de services de garde d'enfants;
- les prestations de soins de santé complémentaires;
- les services à la petite enfance et services aux enfants à risque.

Environ 600 Premières nations participent à la PNE en réalisant des réinvestissements qui répondent aux priorités de leurs collectivités individuelles et promeuvent les objectifs de la PNE. Ces initiatives portent sur les services de garde, l'alimentation des enfants, le développement de la petite enfance, les possibilités d'emploi et de formation ainsi que d'autres soutiens comme l'enseignement culturel/traditionnel, les loisirs et le développement des jeunes.

La Prestation nationale pour enfants porte-t-elle fruit?

Le document *Prestation nationale pour enfants : Rapport d'étape 2002* confirme que la proportion de familles à faible revenu avec enfants est en baisse constante, passant d'un sommet de 15,8 % en 1996 à un creux de 11,4 % en 2000.

Dans le rapport, on a comparé la structure des prestations pour enfants au cours de l'an 2000[2] à ce qu'aurait été la situation sans l'adoption de la PNE. Les conclusions sont les suivantes :

- La PNE a permis à environ 55 000 enfants dans 22 900 familles (soit une diminution de 5,1 % des familles à faible revenu) d'éviter de vivre dans un contexte de faible revenu.

- Dans le cas des familles avec enfants, on a enregistré une hausse de près de 1 800 $ de la moyenne du revenu disponible annuel, soit 7,5 % de plus que dans une situation où elles n'auraient pas touché de PNE.

Le rapport met également en lumière le fait que, de façon générale, la PNE a rendu la réalité du travail plus attrayante pour les familles à faible revenu, réduisant du coup la dépendance à l'aide sociale.

Selon les preuves recueillies, l'adoption de la PNE fait en sorte que les familles avec enfants ont moins recours à l'aide sociale. La PNE a aidé à diminuer le nombre de familles avec enfants touchant de l'aide sociale comparativement au nombre de familles sans enfant, et à réduire la durée pendant laquelle certaines familles monoparentales vivent de l'aide sociale. De façon plus précise, l'abaissement du mur de l'aide sociale par la PNE a été associée à une diminution du nombre de familles avec enfants touchant de

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[2] Cette analyse est fondée sur des données de l'Enquête sur la dynamique du travail et du revenu (EDTR) de Statistique Canada à partir du seuil de faible revenu (SFR) après impôt.

l'aide sociale ainsi qu'à une réduction de la durée pendant laquelle les parents seuls vivent de l'aide sociale.

Quel est le montant des sommes investies?

En 2001-2002, le gouvernement du Canada a accru son investissement dans le Supplément de la PNE, le faisant passer de 1,9 milliard de dollars à 2,5 milliards de dollars. Le nombre d'enfants touchant le Supplément de la PNE s'est également accru, soit de 2 648 000 enfants en 2000-2001 à 2 690 700 en 2001-2002.

On estime que les investissements et réinvestissements des provinces, des territoires et des Premières nations dans les programmes et services pour les enfants et leurs familles ont augmenté pour passer de 592 millions de dollars en 2000-2001 à 692,4 millions de dollars en 2001-2002.

Ainsi, les investissements et réinvestissements réalisés par les Premières nations dans la PNE auraient atteint 57,2 millions de dollars en 2001-2002.

Dans son budget de 2003, le gouvernement du Canada a annoncé une augmentation substantielle de 965 millions de dollars par année d'ici 2007-2008 dans le Supplément de la PNE, une mesure liée à la Prestation fiscale canadienne pour enfants (PFCE). Ce faisant, on réduira davantage le mur du bien-être social et on aidera les familles à échapper au cycle de la pauvreté. Grâce à ces augmentations, l'aide aux familles avec enfants offerte par l'entremise de la PFCE devrait atteindre 10 milliards de dollars en 2007-2008.

Cette augmentation devrait donner lieu à une prestation annuelle maximale de 3 243 $ pour un premier enfant d'ici 2007-2008 et de 6 259 $ pour une famille avec deux enfants, soit plus du double du montant fourni en 1996-1997.

Initiatives des provinces, des territoires et des Premières nations relativement à la Prestation nationale pour enfants

Dans le cadre de l'initiative de la PNE, les provinces, les territoires et les Premières nations ont réinvesti des sommes et investi de nouvelles sommes dans des programmes et services destinés aux familles à faible revenu avec enfants :

Prestations pour enfants et suppléments au revenu gagné — pour fournir plus d'argent aux familles à faible revenu et pour aider les parents à conserver leur emploi et à grimper dans l'échelle salariale.

Initiatives de services de garde d'enfants — pour aider les parents à faible revenu à payer les frais additionnels de garde d'enfants engagés parce qu'ils occupent un emploi.

Services à la petite enfance et aux enfants à risque — pour soutenir les familles à faible revenu ayant de très jeunes enfants, afin qu'elles puissent leur donner un bon départ dans la vie.

Prestations de soins de santé complémentaires — pour faire en sorte que les familles puissent continuer de bénéficier de prestations de soins de santé importantes lorsqu'elles passent de l'aide sociale au marché du travail.

Autres initiatives de la PNE — pour fournir des programmes et des services qui répondent aux besoins particuliers des enfants de chaque province et territoire.

La voie du progrès

Dans le cadre de l'initiative de la PNE, nous avons établi les volets clés d'un régime intégré de prestations pour enfants, qui a donné lieu à une plate-forme plus solide pour de telles prestations et à l'offre de prestations et de services additionnels de la part des provinces, des territoires et des Premières nations.

Depuis 1997, le gouvernement du Canada a augmenté annuellement en juillet le niveau de prestations versées aux familles à faible revenu. Dans son budget de 2000, il a pris des mesures pour améliorer la plate-forme tout en assurant sa durabilité au moyen d'un troisième investissement important dans la PNE, en plus de rétablir la pleine indexation du régime de l'impôt sur le revenu des particuliers. Ainsi, en 2001-2002, l'investissement total dans la PFCE s'élèvera à 7,6 milliards de dollars, y compris un investissement de 2,5 milliards dans le Supplément de la PNE.

Dans son budget de 2003, le gouvernement du Canada a réitéré son engagement d'aider les familles à faible revenu avec enfants à échapper au cycle de la pauvreté tout en aidant les parents à intégrer la population active. Outre le montant actuel de 2,5 milliards de dollars investi annuellement dans le Supplément de la PNE, ce budget a annoncé un vaste plan d'investissement à long terme qui prévoit une augmentation annuelle de 965 millions de dollars dans le Supplément de la PNE d'ici 2007-2008. Cet investissement devrait, d'ici 2007-2008, élever à plus de 10 milliards de dollars par année le soutien fédéral annuel offert aux familles canadiennes avec enfants par l'entremise de la PFCE. Ces mesures, combinées à une solide économie, devraient réduire davantage le nombre de familles à faible revenu avec enfants dans les années à venir.

Les prestations et services fournis par les provinces, les territoires et les Premières nations dans le cadre de l'initiative de la PNE sont également importants. Ces investissements ont pris de l'ampleur depuis la création de la PNE, sans parler du partage de connaissances et d'expériences dont les administrations ont pu tirer profit. La collaboration fédérale, provinciale et territoriale a été indispensable au succès de l'initiative de la PNE.

Par l'entremise de réinvestissements dans la PNE de la part d'environ 600 Premières nations au pays, le gouvernement du Canada continue à travailler en partenariat avec les

Premières nations dans la poursuite du but commun visant à améliorer la qualité de la vie des peuples autochtones, particulièrement les enfants. Le ministère des Affaires indiennes et du Nord canadien poursuivra également ses efforts avec d'autres ministères fédéraux, des administrations et les Premières nations pour élaborer et mettre en œuvre un plan d'action en tenant compte des évaluations récentes.

Toutes les administrations participantes ont à cœur de continuer à améliorer la situation des familles du Canada et d'informer les Canadiens des progrès réalisés.

Nous disposerons au fil du temps de plus amples résultats et de données supplémentaires sur les retombées de l'initiative de la PNE. Les prochains rapports d'étape porteront sur ces questions et démontreront l'engagement des gouvernements à faire rapport au public des résultats de la PNE.

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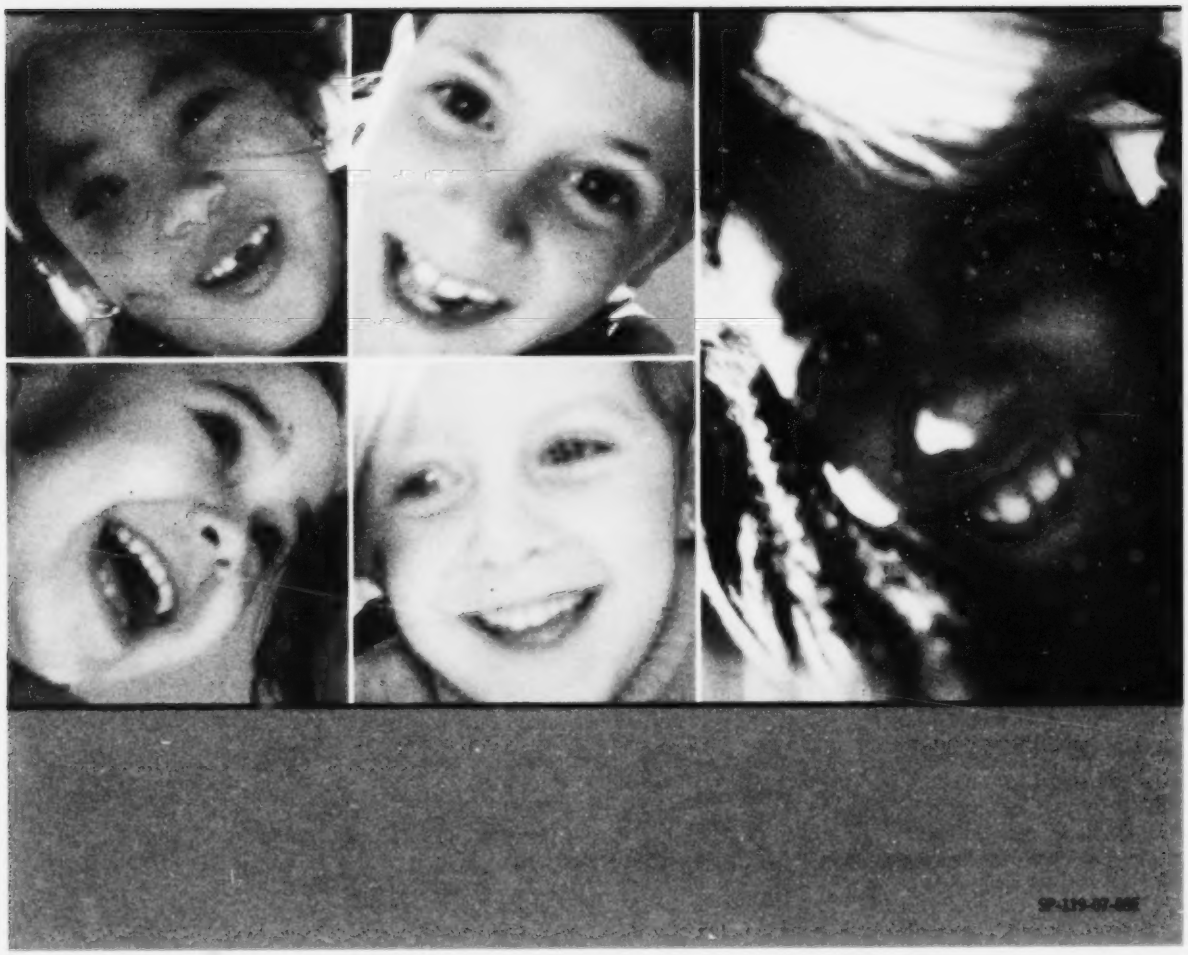
The National Child Benefit

Progress Report: 2002

SP-119-07-03E

The National Child Benefit

Progress Report: 2002



July 2003

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A Message from the Federal/ Provincial/Territorial Ministers Responsible for Social Services

Canada's Federal, Provincial and Territorial Ministers Responsible for Social Services[1] are committed to assessing and reporting to Canadians on the progress being made by the National Child Benefit (NCB) towards the objectives set for the initiative when it was introduced in 1998. This report, the *National Child Benefit Progress Report:* 2002, is the fourth in a series of progress reports provided by Ministers since the NCB was launched.

The 2002 report provides updated information on the activities and impacts of the activities of Canada's federal, provincial and territorial governments and First Nations to improve the well-being of children in low-income families.

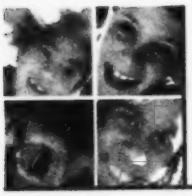
Specifically, it provides detailed information on the contributions of the Government of Canada through the Canada Child Tax Benefit (CCTB) system and the NCB Supplement as well as information on the contributions of provincial and territorial governments and First Nations through the programs and services they provide under the joint NCB initiative. It was prepared by a joint working group of officials representing federal, provincial and territorial governments and First Nations.

The report also includes new information drawn from recent studies to demonstrate how the NCB contributes to improving the labour force attachment of some individuals and the co-ordinated delivery of child benefits between federal, provincial and territorial governments.

As Ministers Responsible for Social Services in Canada, we welcome the announcement in the 2003 federal Budget of further increases in the NCB Supplement. We remain committed to work collaboratively to improve the situation of Canadian children and their families and to report to Canadians on the progress being made.

Federal, Provincial and Territorial Ministers Responsible for Social Services

[1] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.



Executive Summary

The National Child Benefit (NCB) initiative is a joint initiative of Canada's federal, provincial and territorial governments and First Nations.[2] The NCB's objectives are to prevent and reduce the depth of child poverty; support parents moving into the labour market; and reduce duplication and overlap of government programs.

This report, the *NCB Progress Report: 2002*, is the fourth in a series of reports to Canadians since the NCB was introduced in July 1998.

The 2002 report confirms the NCB is making progress toward meeting all three of its goals, while providing provinces and territories and First Nations with the flexibility to meet their particular needs.

The report shows that the number of Canadian children living in low-income families continues to decline. Improving economic conditions have contributed significantly to this positive outcome. But so have the contributions of Canada's federal, provincial and territorial governments through the NCB initiative.

The report demonstrates how the NCB is helping to reduce both the incidence and depth of child poverty as well as how it reduces the "welfare wall" by making paid work more financially attractive and reducing dependency on social assistance for parents of low-income families.

Under the NCB, the Government of Canada provides benefits directly to low-income families with children through the NCB Supplement to the Canada Child Tax Benefit (CCTB). Provinces, territories and First Nations provide other programs and services to families with children in their communities.

Specific details of the federal government's contribution through the NCB Supplement are presented in Chapter 3. For the program year ended June 2002, the federal investment increased to $2.5 billion from $1.9 billion in 2001. Between July 2001 and June 2002, 1.5 million families with 2.7 million children received the NCB Supplement, representing 40 percent of all Canadian families with children. This is in addition to the $3.1 billion base benefits of the CCTB received by these families.

Comprehensive information on provincial, territorial and First Nations reinvestments and investments in programs and services for children and their families is provided in Chapter 4 and Appendix 2. For 2001-2002, these totaled $692.4 million and are estimated to be $777.0 million for 2002-2003.

Chapter 5 looks at the First Nations and the NCB. It describes how the Government of Canada and some 600 First Nations are cooperatively addressing the needs of low-income families on-reserve through the NCB initiative. For 2001-2002, First Nations reinvestments and investments in programs and services were $57.2 million and are estimated to be $51.9 million for 2002-2003.

[2] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

Chapter 6 addresses the key issue of "measuring low income". Low-Income Cut Offs (LICOs), the Low Income Measure (LIM) as well as the Market Basket Measure (MBM) are included. Using post-tax LICO data and Statistics Canada's Survey of Labour and Income Dynamics (SLID), this chapter shows how the well-being of children and their families living in low income continues to improve on a number of levels (although it does not directly link these socio-economic improvements to the NCB).

Chapter 7 directly links the impact of the NCB in reducing low income and promoting attachment to the labour force.

- On reducing low income, 55,000 children in 22,900 families were not living in low income in 2000 as a result of the NCB, a 5.1 percent reduction in the number of low-income families or 1 in 20. These families with children saw their average disposable income increase by almost $1,800, or 7.5 percent, in 2000.
- The NCB makes it more attractive for a parent in a low-income family to move from social assistance to paid employment – even at minimum wage rates. For example, without the NCB, single parents with two children could face a reduction in disposable income of more than 8 percent when leaving social assistance for full-time minimum wage employment. By 2001, their disposable incomes were 2 percent higher after leaving social assistance – an overall improvement of 10 percentage points since 1997. The NCB was responsible for 72 percent of this improvement.
- There is evidence families with children are less reliant on social assistance as a result of the introduction of the NCB. The NCB has contributed to declines in the social assistance caseloads of families with children, compared to the caseload of families without children, as well as a decline in the length of time some single-parent families spend on social assistance.
- Simplified administration of child benefits allowed many jurisdictions to combine the NCB Supplement with provincial/territorial child benefits into a single integrated payment.
- The flexibility of the NCB agreement allowed provincial and territorial governments and First Nations to respond to the local needs of low-income families.

The Government of Canada has announced further increases in the NCB Supplement, so that by the year 2007-2008, the annual federal investment to support Canadian families with children through the combined base benefit of the CCTB and the NCB Supplement is projected to be $10 billion. This is projected to bring benefit levels for a family with two children from the current maximum of $4,682 to a projected $6,259 by 2007-2008.

The NCB has established the key components of an integrated child benefit system. The federal, provincial and territorial governments and First Nations will continue to build on this platform of child benefits and will keep Canadians informed of the progress being made.

1. The Purpose of this Report

The National Child Benefit Progress Report: 2002 describes the activities of Canada's federal, provincial and territorial governments[3] and First Nations to improve the well-being of children in low-income families. This report describes progress toward meeting the goals of the National Child Benefit (NCB) initiative; that is: to prevent and reduce the depth of child poverty, support parents as they find and keep work, and reduce program overlap and duplication since its inception in 1998.

This fourth report on the NCB initiative provides several years of information. For the federal component of the NCB, the report focuses on the 2000-2001 and 2001-2002 program years. Provincial, territorial and First Nations expenditures on NCB-related programs are provided for 2000-2001, and estimates are used for 2001-2002 and 2002-2003 fiscal years.

In particular, the report presents evidence on the direct impact of the NCB initiative in helping to prevent and reduce the depth of child poverty in Canada. A summary of recent evaluation studies highlights how the NCB initiative has contributed to improved labour force attachment and to the improved coordination and delivery of child benefits among federal, provincial and territorial governments.

[3] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

2. What is the National Child Benefit Initiative?

The National Child Benefit (NCB) initiative is an innovative and progressive approach to supporting Canadian children. It was launched by Canada's federal, provincial and territorial Ministers Responsible for Social Services in 1998 as a unique partnership among Canada's federal, provincial and territorial governments and First Nations.

The NCB initiative has three goals:

1. To help prevent and reduce the depth of child poverty;
2. To promote attachment to the workforce – resulting in fewer families having to rely on social assistance – by ensuring that families will always be better off as a result of working; and
3. To reduce overlap and duplication through closer harmonization of program objectives and benefits and through simplified administration.

How the NCB Initiative Works

Before the NCB initiative was introduced in 1998, parents leaving welfare for full-time work lost the financial benefits they were receiving on behalf of their children. Further, they would often give up in-kind benefits, such as supplementary health, vision, dental and prescription drug benefits. Government programs inadvertently formed a "welfare wall" that made it more difficult for parents to move from welfare to work.

The NCB initiative offers a structure to overcome this problem. Under the NCB, the Government of Canada provides direct income support for children in low-income families, whether their parents are on social assistance or working. The Government of Canada introduced the NCB Supplement as a component of the federal Canada Child Tax Benefit (CCTB) system (see Figure 1, *How does the NCB Work?*). The Supplement is a foundation upon which provinces and territories can build to support the transition from welfare to work. In turn, provinces, territories and First Nations adjust social assistance and child benefit payments and use the savings to invest in new and/or enhanced benefits and services for low-income families to meet local needs and priorities.

One of the strengths of the NCB initiative is its flexibility in allowing provinces, territories and First Nations to meet the needs of their citizens while fulfilling the objectives of the initiative. Programs offered by provinces, territories and First Nations are designed so that all low-income families with children continue to have access to services, such as child care, early childhood services and supplementary health benefits when they accept a job. In addition to services and in-kind benefits, many jurisdictions have chosen to provide additional income support through child benefits and earned income supplements.

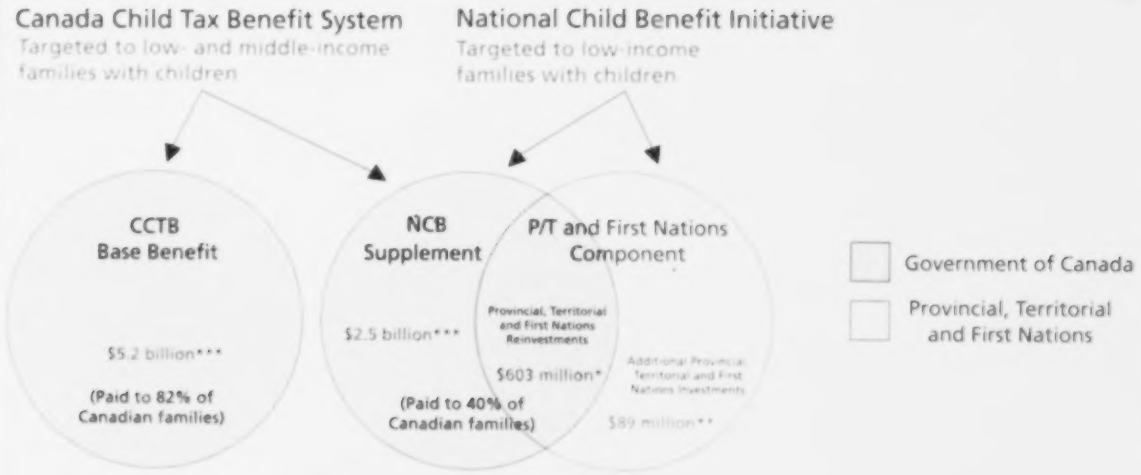
Overall, provinces, territories and First Nations have reinvested and invested $692.4 million in 2001-2002 in services and income support within the context of the NCB initiative. While some of this money is contributed from these jurisdictions' own revenues, the bulk of these funds comes from the money provinces, territories and First Nations no longer have to provide in basic income support for children because these benefits are gradually being replaced by the federal NCB Supplement. In other words, provinces, territories and First Nations reinvest the savings resulting from increases in the NCB

Supplement to the provision of services and in-kind benefits in support of all low-income families, whether they are on social assistance or working.

Jurisdictions participating in the NCB initiative are making progress toward meeting these goals (the direct impacts of the NCB initiative on each of the three goals are presented in Chapter 7). Provinces, territories and First Nations have implemented a variety of approaches to achieve this progress, which will be described in more detail in Chapter 4, *The Provincial and Territorial Components of the NCB Initiative*, and Chapter 5, *First Nations and the NCB Initiative*.

A key component of social policy in Canada, the NCB initiative supports the National Children's Agenda by providing a foundation for ensuring that all children have the best possible start in life. As noted in "A Policy Blueprint for Canada's Children",[4] income is one of three enabling conditions to ensure positive child outcomes. The other two are positive parenting and supportive communities, both of which are the focus of many provincial and territorial and First Nations programs funded through the NCB initiative.

Figure 1 – How Does the NCB Initiative Work?


Canada Child Tax Benefit System
Targeted to low- and middle-income families with children
National Child Benefit Initiative
Targeted to low-income families with children
CCTB Base Benefit
$5.2 billion***
(Paid to 82% of Canadian families)
NCB Supplement
$2.5 billion***
(Paid to 40% of Canadian families)
P/T and First Nations Component
Provincial, Territorial and First Nations Reinvestments
$603 million*
Additional Provincial, Territorial and First Nations Investments
$89 million**
Government of Canada
Provincial, Territorial and First Nations

* Reinvestment funds comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries. Please see Appendix 2 for further details. Most provinces and territories reduce social assistance or child benefits by the same amount as the NCB Supplement is increased in order to provide funding for new or enhanced programs. The NCB initiative provides flexibility for provincial, territorial and First Nations reinvestments to target savings in programs, benefits and/or services to meet local needs and priorities.

** Investment funds comprise additional funds that some jurisdictions devote to the NCB, over and above the reinvestment funds. Please see Appendix 2 for further details. Additional investments for First Nations are provided by Indian and Northern Affairs Canada.

*** Amounts are for the July 2001 to June 2002 period.

[4] Jenson, Jane and Sharon M. Stroick, "A Policy Blueprint for Canada's Children," *Reflexion* 3 (October 1999).

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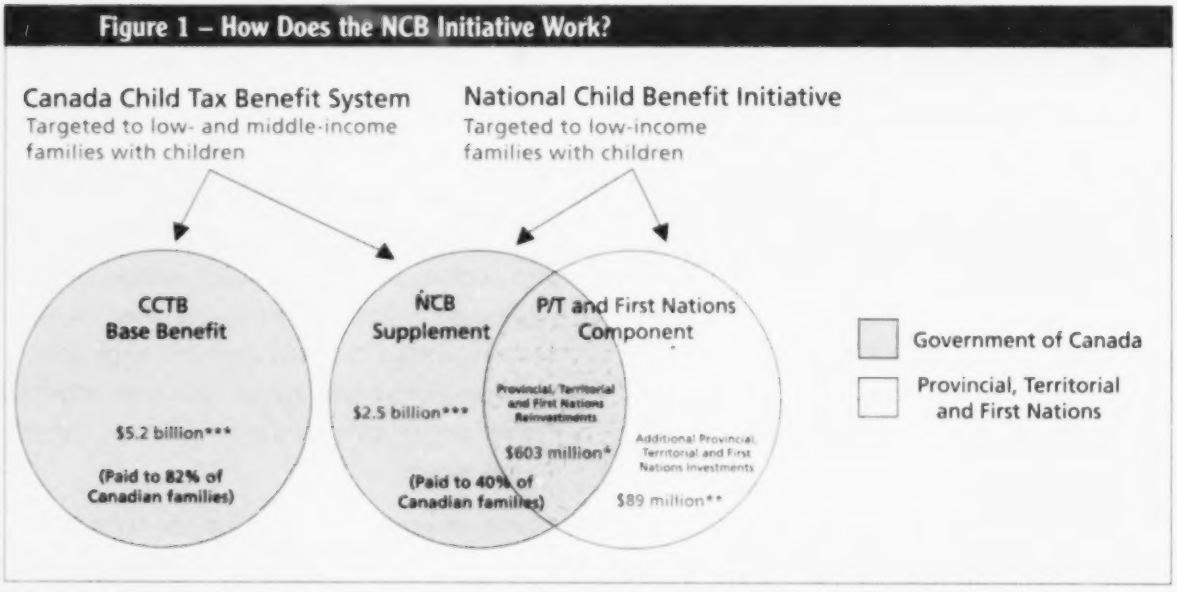
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[4] Jensen, Jane and Sharon M. Stroik, "A Policy Blueprint for Canada's Children," *Reflexion* 3 (October 1999).

The Federal Contribution to the NCB

Through the base benefit of the CCTB and the NCB Supplement, the Government of Canada has increased the child benefits it provides to low- and middle-income families with children. The base benefit of the CCTB is a tax-free monthly payment made to more than 82 percent of Canadian families to help them with the cost of raising children under age 18. Between July 2001 and June 2002, the base benefit of the CCTB provided $5.2 billion to approximately 3.2 million families with 5.8 million children.[5]

In addition to the base benefit of the CCTB, the NCB Supplement is an extra tax-free monthly benefit targeted to low-income families with children under 18 years of age. As is the case with the base benefit, the NCB Supplement is income-tested using information from the income tax system. It provides additional income support for low-income families with children below a given income level regardless of whether the parents are in the labour market or receiving social assistance. Between July 2001 and June 2002, the NCB Supplement delivered about $2.5 billion in assistance to approximately 1.5 million families with 2.7 million children in addition to the base benefit of the CCTB. The NCB Supplement is paid to 40 percent of all Canadian families with children.[6]

Provincial, Territorial and First Nations Components of the NCB Initiative

Most provinces and territories have used the increased federal payments to replace part of their social assistance or child benefit payments to families with children. This has permitted families on social assistance to maintain the same level of benefits as before, while providing additional funds for new or enhanced provincial and territorial[7] programs that benefit low-income families with children. The types of NCB benefits and services differ at the provincial/territorial level depending on local needs and circumstances. Benefits and services fall into five key areas: child income benefits and earned income supplements; child/day care initiatives; early childhood services and children-at-risk services; supplementary health benefits; as well as a grouping of other benefits and services. For more detail on these benefits and services, please see Chapter 4, *The Provincial and Territorial Components of the NCB Initiative*, and Chapter 5, *First Nations and the NCB Initiative*.

Beyond these reinvestments, provinces and territories have additional funds to invest in enhanced levels of benefits and services provided under the NCB initiative. It is the total of these reinvestments and investments that is used to finance the provincial, territorial and First Nations NCB benefits and services. These benefits and services are in addition to other longstanding programs which provinces and territories have had in place to advance child development and help low-income families.

Since the introduction of the NCB initiative in 1998, a number of approaches to adjusting social assistance and child benefits have evolved. Some jurisdictions adjust the amount of their social assistance benefits by the amount of the NCB Supplement. Other jurisdictions have restructured their social assistance systems and provide child benefits outside of welfare. Of these jurisdictions, some continue to offset their child benefits by the amount of increases to the NCB Supplement. Others have reached the point where the NCB Supplement has fully offset the amount of child benefits. As the NCB Supplement increases, these latter jurisdictions

[5] Based on Canada Child Tax Benefit (CCTB) administrative data, Canada Customs and Revenue Agency.

[6] Based on Canada Child Tax Benefit (CCTB) administrative data, Canada Customs and Revenue Agency. For a full discussion of the NCB Supplement, please see Chapter 3, *The National Child Benefit Supplement*.

[7] The *NCB Progress Report: 2002* does not include data on investments and reinvestments for Quebec. All Quebec residents benefit in the same way as other Canadians from the CCTB. Moreover, they benefit from substantial investments made by the Quebec government, in the context of its family policy, in services for families and children.

do not adjust their income-tested child benefits. For a more detailed discussion of the methods that jurisdictions are using to offset social assistance benefits for children through the NCB, please see Chapter 4, *The Provincial and Territorial Components of the National Child Benefit Initiative*.

Lowering the "Welfare Wall"

In an effort to help people receiving social assistance meet needs essential to health and well- being and to help people make the transition from welfare to work, governments have created a variety of benefits and services for people receiving social assistance. These programs include basic benefits for children, financial work incentives, extended drug, dental and optical benefits and other similar supports that address the needs of families receiving social assistance.

However, some of these same benefits and services created a barrier to leaving social assistance, because when people took paid employment, they lost many or all of these financial and in-kind benefits (such as supplementary health, vision, dental and prescription drug benefits). Moving to employment from social assistance often meant that low-income families with children saw either a decline or only a slight overall increase in disposable income as a result of working.

Welfare wall:

Barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income or services.

Families moving into low-paying jobs had to incur work-related expenses such as child care and transportation, in addition to paying income taxes, Employment Insurance premiums and Canada Pension Plan contributions. Thus, some parents may have been worse off financially compared to being on welfare. The "welfare wall" is used to describe barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income and services. The loss of services, although often difficult to quantify in dollar terms, is also an important factor contributing to the welfare wall.

For example, immediately before the introduction of the NCB initiative in July 1998, a family on social assistance with two children (one under seven and one over seven) received an average of $5,253 per year in combined annual federal/provincial/territorial child benefits. If this family began to earn income from employment, its social assistance benefits, including children's benefits, would be reduced dollar-for-dollar after a basic exemption was allowed. By the time a low-income working family left social assistance entirely, their total child benefits would be reduced to $2,753 – almost half the amount received by the same family on social assistance.[8]

The NCB initiative is designed to help lower the welfare wall. First, the NCB Supplement portion of the CCTB system is available to all low-income families whether or not they are working. This ensures that families on social assistance continue to receive the NCB Supplement after leaving social assistance. Second, in many jurisdictions the NCB Supplement is replacing some or all of the child portion of their social assistance or child benefits. This leaves families receiving social assistance with the same level of disposable income. Third, some jurisdictions have used their reinvestment funds to implement or enhance programs such as subsidized supplementary health benefits to working poor

[8] These comparisons do not apply to British Columbia, which replaced basic income support for children on social assistance with the B.C. Family Bonus in 1996.

families and to expand subsidized child care. These types of programs ensure that, upon leaving social assistance, families continue to receive key supports.

An Example of the NCB Initiative in Action

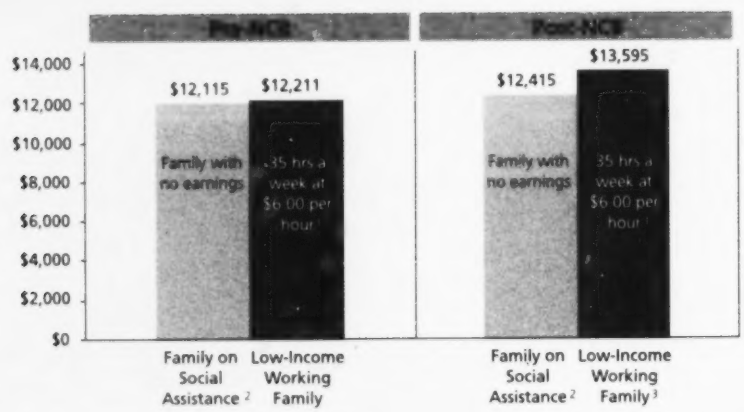
Each province and territory is enhancing its own benefits and services for low-income families to help advance the goals of the NCB. This year's report focuses on two examples that illustrate two different approaches to the replacement of social assistance benefits for children through the NCB.

The first example, from Nova Scotia, illustrates the approach of integrating child benefits with the NCB without adjusting these benefits for NCB increases.[9] Nova Scotia restructured its social assistance system in August 2001 to provide child benefits outside income assistance and through the personal income tax system. The province chose not to offset NCB Supplement increases against provincial child benefits.

The second example is from Saskatchewan; it illustrates the approach of integrating child benefits and adjusting those benefits for increases in the NCB.[10] Saskatchewan restructured its social assistance system in 1998 with the introduction of the NCB. At that time, it removed child benefits from the social assistance system and introduced the Saskatchewan Child Benefit and the Saskatchewan Earnings Supplement. Saskatchewan offsets NCB Supplement increases against its provincial child benefit.

Figure 2 illustrates how the change in the way the NCB is administered is helping to lower the welfare wall in Nova Scotia. It compares the disposable income a family would receive from employment

Figure 2 – Disposable Income of a One-Parent Family, One Five Year-Old Child Living in Nova Scotia



[1] Based on 50 weeks of work.
[2] Includes Social Assistance, CCTB, GST Credit, NCB Supplement (2002 only), NS Child Benefit (2002 only). Does not include employment supports for expenses such as childcare, transportation or health coverage.
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[9] In order to isolate the impact of the NCB on the welfare wall – independent of other factors – only changes to the social assistance system, the CCTB and provincial NCB-related income programs were taken into account in this analysis. The level of all other components of disposable income such as income tax, payroll taxes (i.e., Employment Insurance and Canada Pension Plan) and the Goods and Services/Harmonized Sales Tax Credit was set at their level as of January 2002 in both the pre- and post-NCB versions of this analysis.
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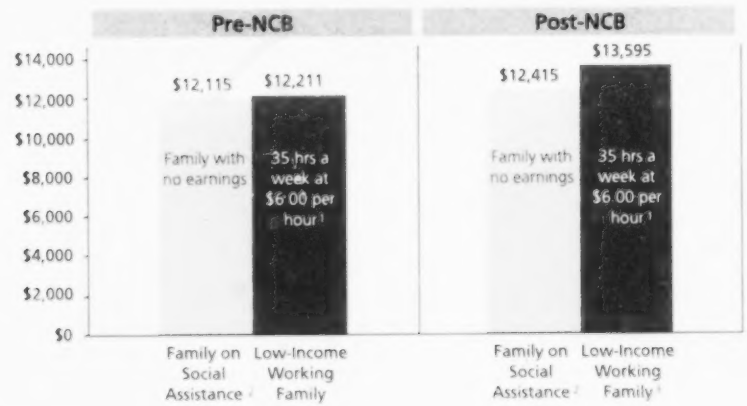

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to what it would receive on social assistance, both before and after the implementation of the NCB.[11]

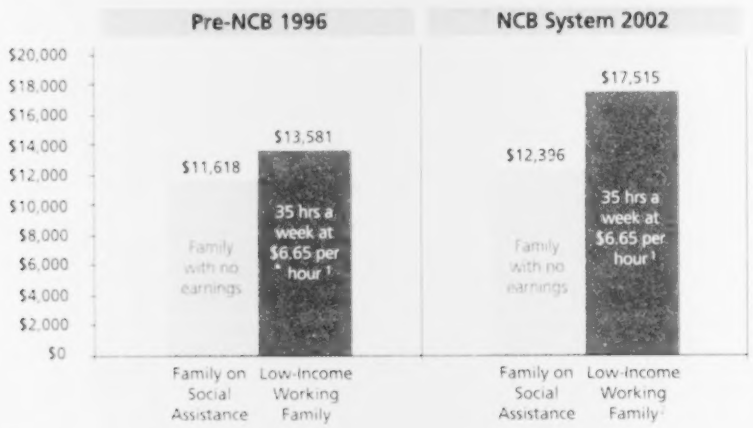
As illustrated in Figure 2, before the introduction of the NCB initiative, a one-parent family with one young child living in Nova Scotia and working 35 hours a week at minimum wage for 50 weeks in the year had an annual disposable income of $12,211. This is slightly more than the $12,115 the parent would have received through social assistance. As a result, there was little financial incentive for parents to leave the system for employment once expenses for child care, transportation and health coverage were taken into consideration.

In July 2002, after the introduction of the NCB initiative and the enhancement of the Nova Scotia Child Benefit (NSCB), this same one-parent family could receive an annual disposable income of $13,595 while working in the same job at the same wage. This represents an increase of almost $1,400 in income and is over $1,100 more than the family would have received on social assistance.

The impact of the NCB in lowering the welfare wall in Saskatchewan is illustrated in Figure 3. The chart shows the disposable income a family would receive from employment compared to what it would receive on social assistance, both before and after the implementation of the NCB.

Figure 3, shows that, before the introduction of the NCB initiative, a one-parent family with one young child living in Saskatchewan and working 35 hours a week at minimum wage for 50 weeks in the year had an annual disposable income of $13,581. The family would have received somewhat less, $11,618, through social assistance.

Figure 3 – Disposable Income of a One-Parent Family, One Five Year-Old Child Living in Saskatchewan



[1] Based on 50 weeks of work.

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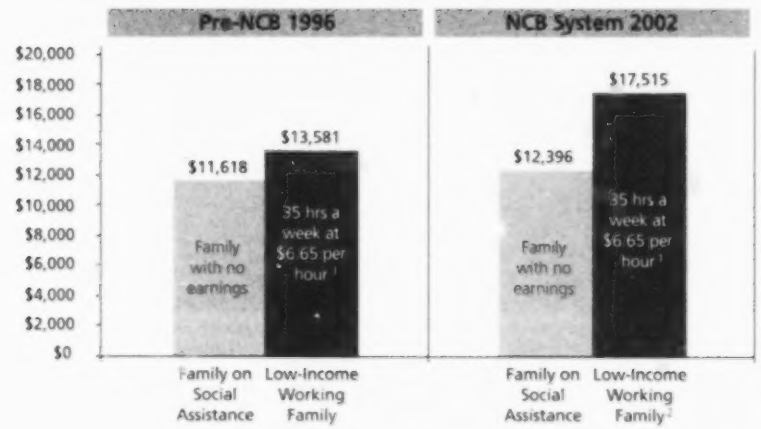

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In July 2002, this same one-parent family would receive an annual disposable income of $17,515 while working in the same job at the same wage. This represents an increase of almost $4,000 in income. It is also more than $5,000 higher than the $12,396 the family would have received on social assistance.

Provinces and territories have taken different approaches to adjusting child benefits in their social assistance systems to the NCB. However, regardless of the approach taken, by increasing the disposable income of low-income working families and the support provided to parents who participate in the labour market, the NCB initiative is increasing the incentive to seek employment.

It is important to note that these examples do not take into account the in-kind benefits and services such as the Saskatchewan Family Health Benefit or the Healthy Child Development Initiative in Nova Scotia, or other reinvestments or investments in employment support services, which are an important part of the NCB initiative in many provinces and territories.

However, these examples do illustrate the flexibility of the NCB initiative in allowing provinces and territories to reduce the welfare wall with different mixes of benefits and direct services to meet their specific needs. Through provincial, territorial and First Nations reinvestments and investments in programs and services for all low-income families, the NCB initiative is addressing many of the income and service barriers that parents face in their efforts to support their families while working.

Undoubtedly, many factors affect a person's decision to seek employment rather than remain on social assistance. Reducing the welfare wall through income benefits is one way the NCB initiative can make employment a better, more financially viable option for low-income parents.

The next three chapters describe more specifically how the federal, provincial and territorial governments and First Nations are working collaboratively to support Canadian children and their families to break through the welfare wall and move out of low-income circumstances.

3. The National Child Benefit Supplement

The Federal Child Benefit System

The Government of Canada has long provided Canadian families with child benefits. Since July 1998, the Government of Canada has provided direct financial assistance to families with children through the Canada Child Tax Benefit (CCTB). The CCTB is a non-taxable monthly payment for families with children based on family net income and the number and age of the children within the family. It is designed to help families with the cost of raising children.

The History of Federal Child Benefits in Canada

1918 – Child Tax Exemption: This exemption provided income tax savings that increased as taxable income increased. It provided no benefits to families that did not owe income tax.

1945 – Family Allowance: This benefit was provided to all Canadian families with dependent children.

1973 – The **Family Allowance** benefits were tripled, indexed to the cost of living, and made taxable.

1978 – Refundable Child Tax Credit: This targeted and income-tested child benefit provided a maximum benefit to low-income families, a declining amount to middle-income families, and no benefit to upper-income families.

1993 – Child Tax Benefit (CTB): This benefit consolidated refundable and non-refundable child tax credits and the Family Allowance into a monthly payment based on the number of children and level of family income and provided an additional benefit to low-income working families with children later named the **Working Income Supplement (WIS)**. In 1993, federal expenditures on child benefits, including WIS, totaled $5.1 billion.

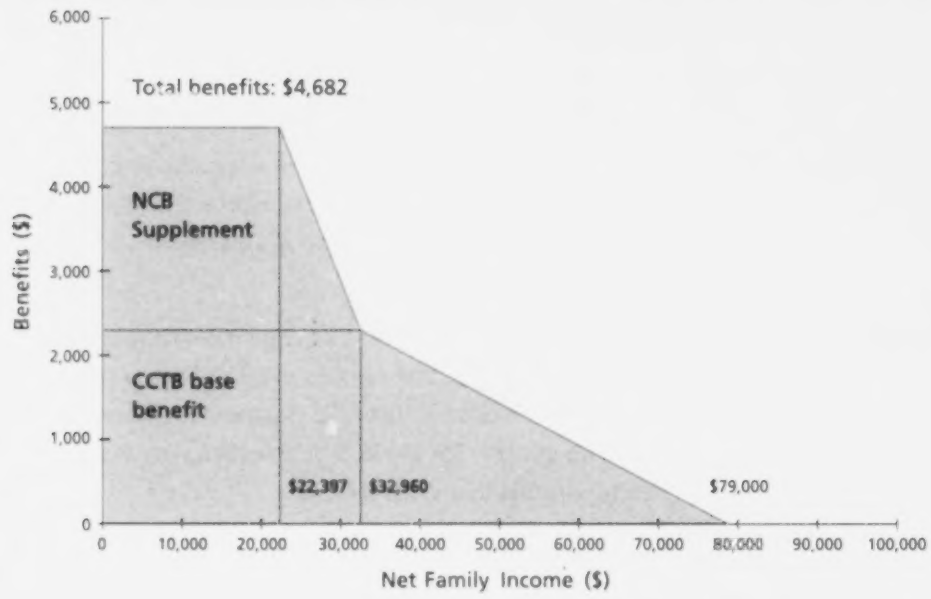
1998 – National Child Benefit (NCB) Supplement: The NCB Supplement replaced the Working Income Supplement and was provided to all low-income families as part of the re-named **Canada Child Tax Benefit (CCTB)**. As its initial contribution to the NCB initiative, the Government of Canada committed to an additional $850 million per year for the NCB Supplement. This was on top of the $5.1 billion per year that was already provided through the CCTB.

The 1998, 1999, 2000 and 2003 federal Budgets and the October 2000 Economic Statement and Budget Update provided additional investments in the NCB Supplement and the base benefit of the CCTB. As a result of these investments, the Government of Canada's expenditure on the CCTB is projected to reach over $10 billion per year by 2007.

The CCTB system is made up of two key components: the base benefit of the CCTB and the NCB Supplement. Eligible Canadian families with children receive the base benefit of the CCTB and the NCB Supplement through a single monthly payment. The amount of the CCTB payment is based on family net income and on the number and age of the children. Figure 4 illustrates the CCTB structure for families with two children as of July 2002. As shown, between July 2002 and June 2003, families with two children and with net incomes less than $22,397 receive a maximum level of benefits at $4,682. Families with net incomes above $22,397 but below $32,960 continue to receive the maximum level of the base benefit of the CCTB but have the level of their NCB Supplement gradually reduced. Finally, those families with net incomes above $32,960 but below $79,000 receive only the base benefit of the CCTB, which is gradually reduced as their income increases. Under the CCTB benefits structure, all families in receipt of the NCB Supplement receive the maximum level of the base benefit of the CCTB.

Between July 2001 and June 2002, approximately 3.2 million families with 5.8 million children received the base benefit of the CCTB, representing more than 82 percent of Canadian families with children. The NCB Supplement targets low-income families with children to provide these families with additional assistance on top of the base benefit of the CCTB. Between July 2001 and June 2002, 1.5 million families with 2.7 million children received the NCB Supplement, representing 40 percent of all Canadian families with children.

Figure 4 – The Canada Child Tax Benefit for a Two-Child Family, July 2002-June 2003



Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and is scheduled to increase to $232 per child as of 2003-2004.

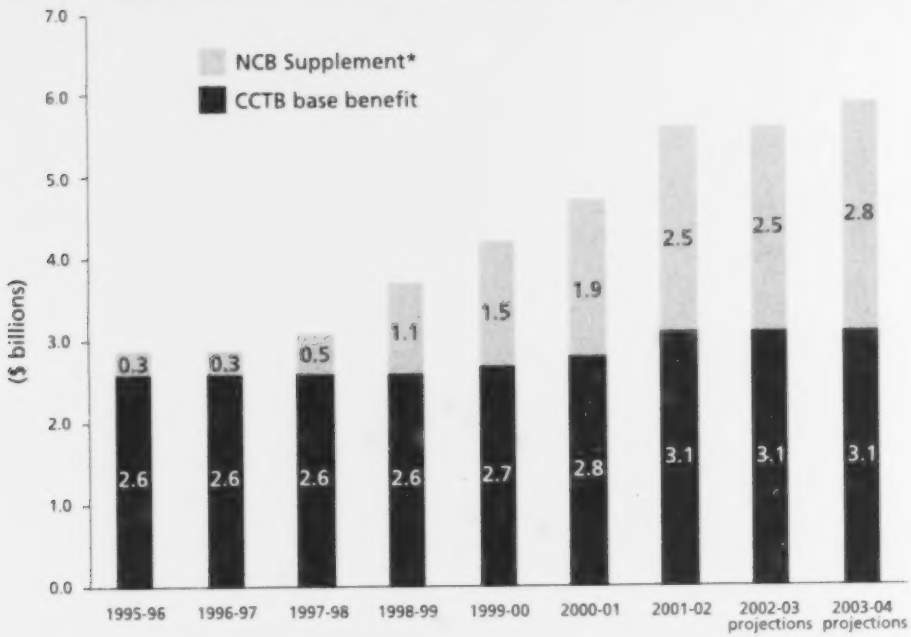
Federal Support to Low-Income Families with Children

The NCB Supplement represents the Government of Canada's contribution to the NCB initiative. Figure 5 shows the value of annual federal expenditures on families who received the NCB Supplement from 1995-1996 to 2003-2004. To underscore its commitment to Canadian families with low incomes, the Government of Canada has significantly increased its investments in the NCB Supplement over this period. The federal investment has increased from $300 million spent on the Working Income Supplement (WIS) in 1996-1997 to $2.5 billion in the NCB Supplement in 2002-2003. Since then, federal investment in the NCB Supplement has increased steadily and is projected to reach $2.8 billion in 2003-2004.

In addition, the federal investment provided to low-income families through the base benefit of the CCTB has increased over this period, with $3.1 billion projected to be provided to NCB Supplement recipients in 2003-2004, compared to $2.6 billion in 1996-1997 (see Figure 5).[12]

Increases in the NCB Supplement and the base benefit of the CCTB can be attributed to two factors: the Government of Canada's commitment to protecting the real value of child benefits through full indexation of benefit levels and income thresholds, and enhancements to the NCB Supplement over and above indexation.

Figure 5 – Annual CCTB Federal Expenditures for Families in Receipt of NCB Supplement for 1995-1996 to 2003-2004* Program Years (June to July) in current dollars ($ billions)



* Includes the former Working Income Supplement for the years 1995-1996 to 1997-1998.

Source: CCTB administrative data from the Canada Customs and Revenue Agency.

[12] Figure 5 does not show federal expenditures on the base benefit of the CCTB for middle-income families who do not receive the NCB Supplement. In 2001-2002, the Government of Canada invested over $2 billion in the base benefit of the CCTB paid to 1,663,900 families with 3,066,800 children who did not qualify for the NCB Supplement. Taking total expenditures on the base benefit of the CCTB and the NCB Supplement together, the Government of Canada's support to Canadian families with children is expected to reach a total of $8.1 billion in 2002-2003.

The CCTB system is made up of two key components: the base benefit of the CCTB and the NCB Supplement. Eligible Canadian families with children receive the base benefit of the CCTB and the NCB Supplement through a single monthly payment. The amount of the CCTB payment is based on family net income and on the number and age of the children. Figure 4 illustrates the CCTB structure for families with two children as of July 2002. As shown, between July 2002 and June 2003, families with two children and with net incomes less than $22,397 receive a maximum level of benefits at $4,682. Families with net incomes above $22,397 but below $32,960 continue to receive the maximum level of the base benefit of the CCTB but have the level of their NCB Supplement gradually reduced. Finally, those families with net incomes above $32,960 but below $79,000 receive only the base benefit of the CCTB, which is gradually reduced as their income increases. Under the CCTB benefits structure, all families in receipt of the NCB Supplement receive the maximum level of the base benefit of the CCTB.

Between July 2001 and June 2002, approximately 3.2 million families with 5.8 million children received the base benefit of the CCTB, representing more than 82 percent of Canadian families with children. The NCB Supplement targets low-income families with children to provide these families with additional assistance on top of the base benefit of the CCTB. Between July 2001 and June 2002, 1.5 million families with 2.7 million children received the NCB Supplement, representing 40 percent of all Canadian families with children.

Figure 4 – The Canada Child Tax Benefit for a Two-Child Family, July 2002–June 2003

[illegible] an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In [illegible], this benefit was equivalent to $213 per child, and is scheduled to increase to $232 per child as of July 2003.

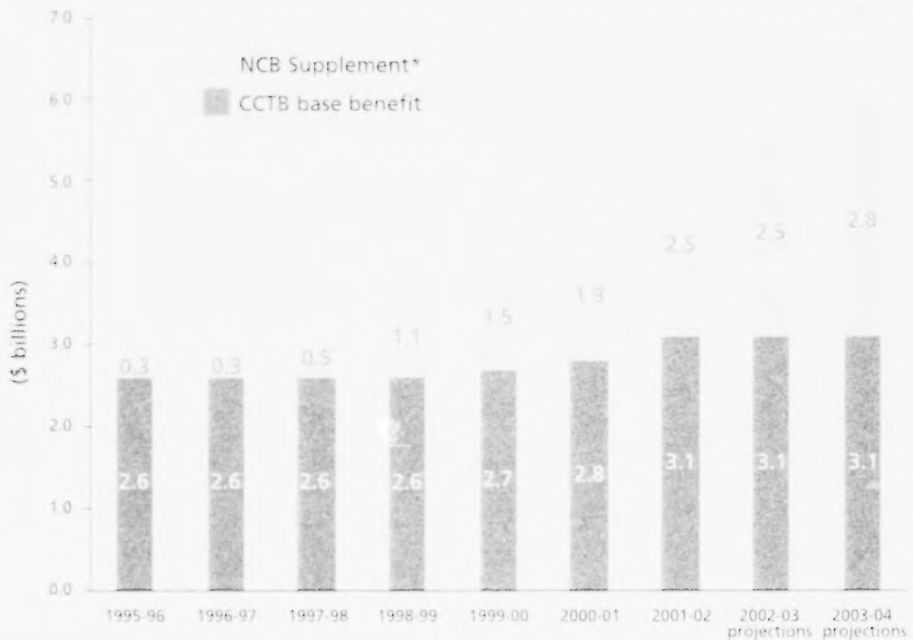
Federal Support to Low-Income Families with Children

The NCB Supplement represents the Government of Canada's contribution to the NCB initiative. Figure 5 shows the value of annual federal expenditures on families who received the NCB Supplement from 1995-1996 to 2003-2004. To underscore its commitment to Canadian families with low incomes, the Government of Canada has significantly increased its investments in the NCB Supplement over this period. The federal investment has increased from $300 million spent on the Working Income Supplement (WIS) in 1996-1997 to $2.5 billion in the NCB Supplement in 2002-2003. Since then, federal investment in the NCB Supplement has increased steadily and is projected to reach $2.8 billion in 2003-2004.

In addition, the federal investment provided to low-income families through the base benefit of the CCTB has increased over this period, with $3.1 billion projected to be provided to NCB Supplement recipients in 2003-2004, compared to $2.6 billion in 1996-1997 (see Figure 5).[12]

Increases in the NCB Supplement and the base benefit of the CCTB can be attributed to two factors: the Government of Canada's commitment to protecting the real value of child benefits through full indexation of benefit levels and income thresholds, and enhancements to the NCB Supplement over and above indexation.

Figure 5 – Annual CCTB Federal Expenditures for Families in Receipt of NCB Supplement for 1995-1996 to 2003-2004* Program Years (June to July) in current dollars ($ billions)



* Includes the former Working Income Supplement for the years 1995-1996 to 1997-1998.

Source: CCTB administrative data from the Canada Customs and Revenue Agency.

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Federal Investment in the NCB Supplement by Province and Territory

Table 1 shows the breakdown of the federal expenditures on the NCB Supplement and the number of children who benefited by province and territory for 2000-2001 and 2001-2002. As shown in Table 1, federal expenditures on the NCB Supplement have increased from $1.9 billion in 2000-2001 to $2.5 billion in 2001-2002. Federal expenditures increased as a result of increases to the level of the NCB Supplement announced in the 2000 Budget and October 2000 Economic Statement and included indexation. The net income thresholds that determine the amount of the NCB Supplement were also adjusted in July 2001 and, as a result, more families with children were eligible to receive the NCB Supplement. Table 1 also shows that the number of children who received the NCB Supplement increased between 2000-2001 and 2001-2002.

Table 1 – Number of Children in Receipt of the NCB Supplement and Federal Expenditures (NCB Supplement and CCTB base benefits) by Jurisdiction for 2000-2001 and 2001-2002 Program Years (July to June) in Current Dollars

	July 2000 – June 2001		July 2001 – June 2002	
Jurisdiction	Children Receiving NCB Supplement	Benefits paid ($ millions)	Children Receiving NCB Supplement	Benefits paid ($ millions)
Newfoundland and Labrador	53,300	$38.2	53,900	$50.2
Prince Edward Island	12,800	$8.7	13,200	$11.5
Nova Scotia	86,800	$63.3	89,300	$84.5
New Brunswick	70,700	$51.0	71,800	$67.1
Quebec	624,200	$436.8	631,100	$573.6
Ontario	907,700	$645.7	932,200	$862.7
Manitoba	130,800	$91.0	133,600	$123.1
Saskatchewan	128,500	$90.4	128,300	$119.6
Alberta	267,100	$185.1	268,500	$244.3
British Columbia	352,100	$255.6	354,000	$334.9
Nunavut*	5,800	$4.0	6,000	$5.7
Northwest Territories*	4,200	$3.0	4,500	$4.1
Yukon	2,600	$1.7	2,500	$2.3
Total**	**2,648,000**	**$1,875.2**	**2,690,700**	**$2,484.6**

* The number of children receiving the benefits and the amount of benefits for July 2000 to June 2001 in Northwest Territories and Nunavut differ from those reported in the *NCB Progress Report*: 2001 due to data revisions.

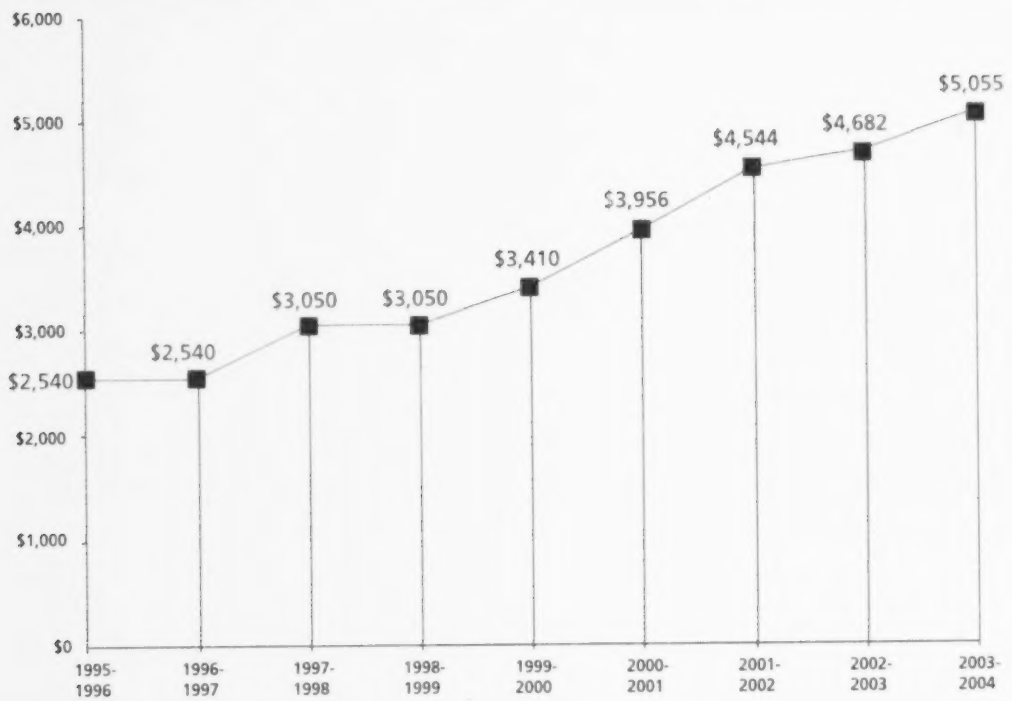
** Includes Canadians living outside of Canada. Totals may not add due to rounding.

Source: CCTB administrative data from the Canada Customs and Revenue Agency.

Increased Federal Financial Assistance for Families with Children

Canadian families with children have benefited significantly from increases in the base benefit of the CCTB and the NCB Supplement. As Figure 6 shows, prior to July 1997, the maximum benefit for a family with two children was $2,540. In July 1997, when the WIS was enhanced and restructured as an interim step toward launching the NCB, the maximum benefit for a two-child family was $3,050. Continuing increases in the NCB Supplement will allow low-income families with two children to be eligible to receive up to $5,055 in federal child benefits by July 2003.

Figure 6 – Maximum Levels of Federal Child Benefits for Two-Child Families for 1995-1996 to 2003-2004 Program Years (July to June) in Current Dollars



Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and is scheduled to be $232 per child as of 2003-2004.

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Table 1 shows the breakdown of the federal expenditures on the NCB Supplement and the number of children who benefited by province and territory for 2000-2001 and 2001-2002. As shown in Table 1, federal expenditures on the NCB Supplement have increased from $1.9 billion in 2000-2001 to $2.5 billion in 2001-2002. Federal expenditures increased as a result of increases to the level of the NCB Supplement announced in the 2000 Budget and October 2000 Economic Statement and included indexation. The net income thresholds that determine the amount of the NCB Supplement were also adjusted in July 2001 and, as a result, more families with children were eligible to receive the NCB Supplement. Table 1 also shows that the number of children who received the NCB Supplement increased between 2000-2001 and 2001-2002.

Table 1 – Number of Children in Receipt of the NCB Supplement and Federal Expenditures (NCB Supplement and CCTB base benefits) by Jurisdiction for 2000-2001 and 2001-2002 Program Years (July to June) in Current Dollars

	July 2000 – June 2001		July 2001 – June 2002	
Jurisdiction	Children in receipt of the NCB Supplement	Benefit paid (in millions)	Children in receipt of the NCB Supplement	Benefit paid (in millions)
Newfoundland and Labrador	53,300	$38.2	53,900	$50.2
Prince Edward Island	12,800	$8.7	13,200	$11.5
Nova Scotia	86,800	$63.3	89,200	$84.5
New Brunswick	70,700	$51.0	71,800	$67.1
Quebec	624,200	$436.8	631,100	$573.6
Ontario	907,700	$645.7	932,200	$862.7
Manitoba	130,800	$91.0	133,600	$123.1
Saskatchewan	128,500	$90.4	128,300	$119.6
Alberta	267,100	$185.1	268,500	$244.3
British Columbia	352,100	$255.6	354,000	$334.9
Nunavut*	5,800	$4.0	6,000	$5.7
Northwest Territories*	4,200	$3.0	4,500	$4.1
Yukon	2,600	$1.7	2,500	$2.3
Total**	2,648,600	$1,876.2	2,690,700	$2,484.6

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Canadian families with children have benefited significantly from increases in the base benefit of the CCTB and the NCB Supplement. As Figure 6 shows, prior to July 1997, the maximum benefit for a family with two children was $2,540. In July 1997, when the WIS was enhanced and restructured as an interim step toward launching the NCB, the maximum benefit for a two-child family was $3,050. Continuing increases in the NCB Supplement will allow low-income families with two children to be eligible to receive up to $5,055 in federal child benefits by July 2003.

Figure 6 – Maximum Levels of Federal Child Benefits for Two-Child Families for 1995-1996 to 2003-2004 Program Years (July to June) in Current Dollars

Note: Benefits do not include an additional benefit provided for each child less than seven years. Top-up for young children care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and is scheduled to be $232 per child as of 2003-2004.

Beginning July 2003, low-income families will receive maximum annual CCTB benefits (base benefit of the CCTB and NCB Supplement) of $2,632 for the first child, $2,423 for the second and $2,427 for the third and each subsequent child,[13] bringing the maximum level of total federal child benefits for a family with two children to almost double that of the pre-NCB 1996-1997 levels (see Table 2).[14]

Table 2 – Maximum Levels of Federal Child Benefits for 1996-1997 and 2003-2004 Program Years (July to June) in Current Dollars

Number of Children	1996-1997 Maximum CTB+WIS	2003-2004 Maximum Base Benefit + NCB Supplement	Percentage Increase from 1996-1997 to 2003-2004
1	$1,520	$2,632	73%
2	$2,540	$5,055	99%
3	$3,635	$7,482	106%
4	$4,730	$9,909	109%

Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and is scheduled to be $232 per child as of 2003-2004.

[13] Figures are based on commitments in the 2003 federal Budget.

[14] Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and is scheduled to increase to $232 per child as of 2003-2004.

4. The Provincial and Territorial Components of the National Child Benefit Initiative

The National Child Benefit (NCB) initiative includes both federal and provincial/territorial components.[15] The federal component is described in Chapter 3; it involves increased federal payments to low-income families with children through the NCB Supplement.

Because the NCB Supplement provides low-income families with children with additional income support, most provinces and territories have adjusted the income support they provide to children, which has made funds available for reinvestments in new and enhanced benefits and services for low-income families. Reinvestment funds comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries (see Appendix 2 for further details). Most provinces and territories reduce social assistance or child benefits by the amount of the NCB Supplement increase in order to provide funding for new or enhanced programs. The NCB initiative provides flexibility for provincial, territorial and First Nations reinvestments to target savings in programs, benefits and/or services to meet local needs and priorities.

In addition to these reinvestments, many jurisdictions are investing additional funds in benefits and services that help meet the goals of the NCB (see Appendix 2 for further details). Additional investments for First Nations are provided by Indian and Northern Affairs Canada. The resulting programs and services benefit children in low-income families whether they are employed or receiving social assistance. These portable supports – combined with the NCB Supplement – help reduce the "welfare wall," and aim to make it easier for families to become self-sufficient.

The Children's Special Allowance

The Children's Special Allowance (CSA) is paid by CCRA for children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit (CCTB) payments, including the base benefit and the NCB Supplement. Jurisdictions have the option of passing on the increased NCB Supplement amount to child welfare authorities for child maintenance costs, or recovering the increase. In jurisdictions that recover the increase to the NCB Supplement, the amount is included in their reinvestment funds available for NCB initiatives.

In 2001-2002, it is estimated that $11.4 million or 1.7 percent of the total reinvestment funds came from CSA recoveries.

For more information on the CSA, please see Appendix 2, *Provincial, Territorial and First Nations NCB Reinvestments and Investments.*

[15] The *NCB Progress Report: 2002* does not include data on reinvestments and investments for Quebec. All Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit (CCTB). Moreover, they benefit from substantial investments made by the Quebec government, in the context of its family policy, in services for families with children.

Approaches to Replacing Social Assistance Benefits for Children

Since the inception of the NCB initiative in 1998, three distinct approaches have evolved respecting the replacement of social assistance benefits for children through the NCB. These are:

1. the social assistance offset approach;
2. the integrated child benefit approach with adjustment; and
3. the integrated child benefit approach without adjustment.

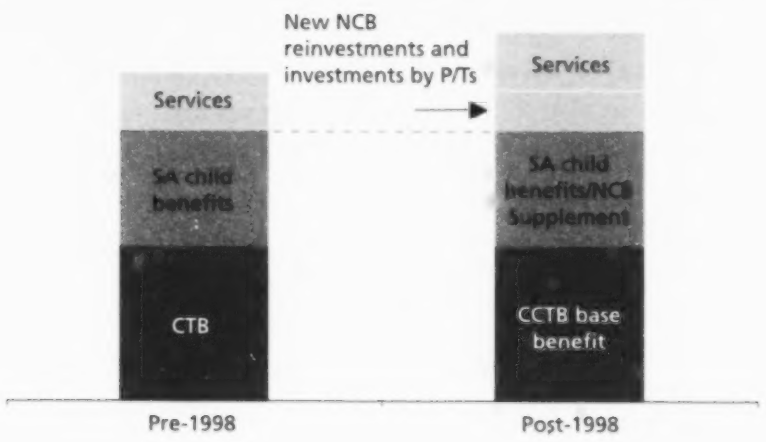
New Brunswick chose not to implement the replacement of social assistance benefits for children in the NCB initiative and flowed through the NCB Supplement directly to recipients. In the case of First Nations on reserve and Citizenship and Immigration Canada's Resettlement Assistance Program (RAP), the NCB reinvestment component mirrors jurisdictional income support programs (Chapter 5 has more information on First Nations and the NCB initiative).

Each of the three approaches is briefly explained through stylised examples below.[16]

1. The Social Assistance Offset Approach (see Figure 7)

Under this approach, provinces and territories either treat the NCB Supplement as an unearned income charge against social assistance or reduce their social assistance rates for children. In the case of income offset, social assistance recipients have the amount of the NCB Supplement they receive deducted from their social assistance entitlement. This approach is used in Prince Edward Island, Ontario, Yukon, Northwest Territories and Nunavut. Manitoba also uses this approach for a portion of its social assistance caseload.[17] In the case of a rate reduction, the social assistance rate is reduced by the maximum NCB Supplement. Alberta uses this approach. Each family that leaves social assistance keeps the full amount of the NCB Supplement. Reinvestment funds under this approach are the savings in social assistance.

Figure 7 – The Social Assistance Offset Approach



[16] Figures 7, 8 and 9 are for illustrative purposes only and are not drawn to scale.

[17] In July 2000, Manitoba stopped recovering increases in the NCB Supplement. In July 2001, Manitoba stopped recovering the NCB Supplement for children six or under. In January 2003, Manitoba stopped recovering the NCB Supplement for children eleven and under. Effective January 2004, Manitoba will stop the recovery for all children on social assistance.

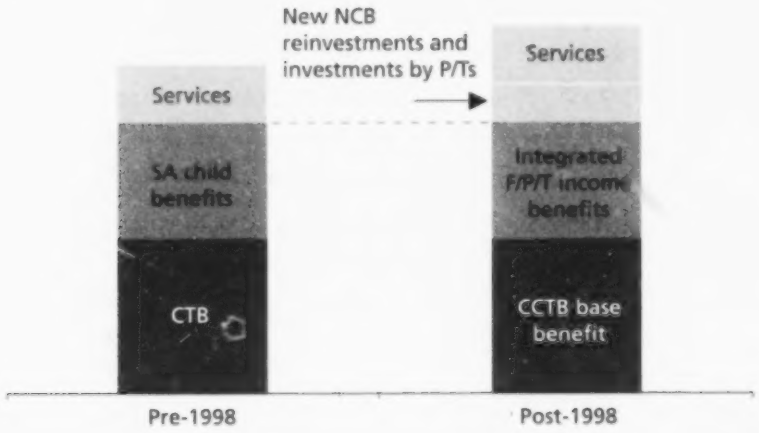
2. *The Integrated Child Benefit Approach with Adjustment (see Figure 8)*

Some jurisdictions have chosen to restructure their social assistance system to pay children's benefits through a separate income-tested child benefit program that is integrated with the CCTB system. Under this approach, increases in the NCB Supplement are offset in full or in part against the provincial child benefit. The savings from this offset become the province's reinvestment funds. Saskatchewan and British Columbia have adopted this approach.

3. *The Integrated Child Benefit Approach without Adjustment (see Figure 9)*

Some jurisdictions have chosen to restructure their social assistance system to pay children's benefits through income-tested child benefit programs but not to offset NCB Supplement increases against these provincial child benefits subsequent to restructuring. In these jurisdictions, the amount of the NCB Supplement was used to offset the amount of child benefits previously paid through social assistance, so that there was no overall change in the level of child benefits. For these jurisdictions, reinvestment funds represent the estimated amount of "fixed" savings to the jurisdiction since the introduction of the NCB (including the savings from restructuring) carried forward on an annual basis. Newfoundland and Labrador and Nova Scotia have adopted this approach.

Figure 8 – The Integrated Child Benefit Approach with Adjustment



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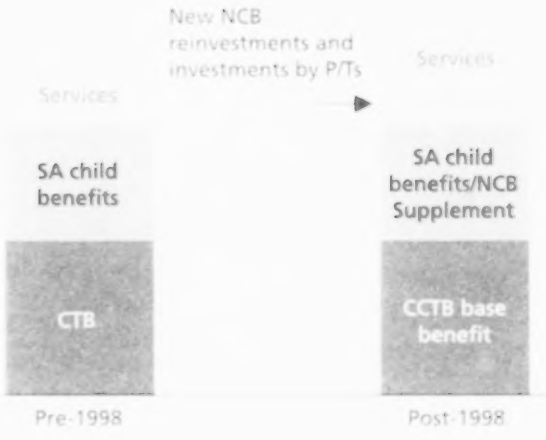

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Some jurisdictions have chosen to restructure their social assistance system to pay children's benefits through income-tested child benefit programs but not to offset NCB Supplement increases against these provincial child benefits subsequent to restructuring. In these jurisdictions, the amount of the NCB Supplement was used to offset the amount of child benefits previously paid through social assistance, so that there was no overall change in the level of child benefits. For these jurisdictions, reinvestment funds represent the estimated amount of "fixed" savings to the jurisdiction since the introduction of the NCB (including the savings from restructuring) carried forward on an annual basis. Newfoundland and Labrador and Nova Scotia have adopted this approach.

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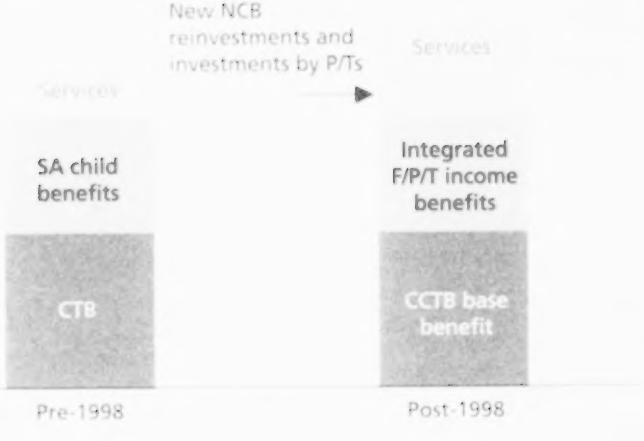

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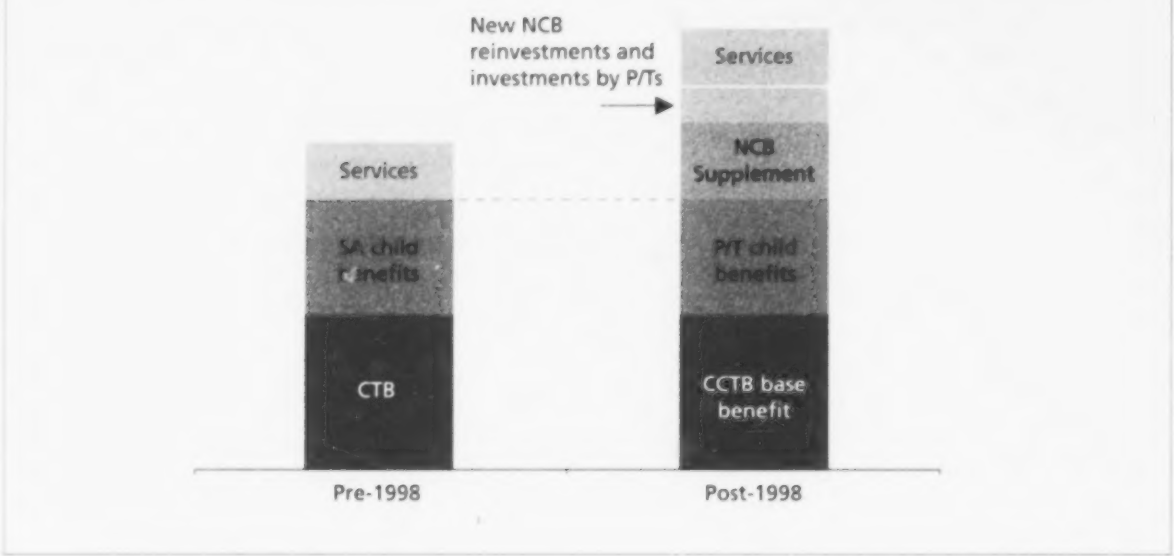


NCB Reinvestments and Investments in 2001-2002 and 2002-2003

In 2001-2002 – the third full year of the NCB initiative – provincial, territorial and First Nations reinvestments and investments are estimated to be a total of $692.4 million. In 2002-2003, reinvestments and investments are estimated to reach a total of $777.0 million.

Table 3 provides a breakdown of each jurisdiction's expenditures over three full fiscal years of the initiative. While Table 3 provides actuals for 2000-2001, estimates are given for 2001-2002 and 2002-2003 as actual administrative data are not finalized for many provinces and territories.

In deciding what benefits and services to support through NCB reinvestments and investments, provinces and territories are guided by a National Reinvestment Framework that was agreed to by the Ministers Responsible for Social Services. Under this framework, jurisdictions have the flexibility to make reinvestments and investments to their own priorities and needs, provided they support the objectives of the NCB initiative.

Many provinces, territories and First Nations base their reinvestment decisions on consultation with their residents, or are including such consultation as part of an overall redesign of their income support programs.

The Reinvestment Framework means reinvestments and investments are providing new or enhanced supports for low-income families in five key areas:

- child benefits and earned income supplements;
- child/day care initiatives;
- early childhood services and children-at-risk services;
- supplementary health benefits; and
- other NCB benefits and services.

Table 3 – NCB Reinvestments & Investments, by Jurisdiction ($ millions)

Jurisdiction	Expenditures 2000-2001		Estimates 2001-2002		Estimates 2002-2003	
	Reinvestment	Reinvestment & Investment (Total)	Reinvestment	Reinvestment & Investment (Total)	Reinvestment	Reinvestment & Investment (Total)
Newfoundland and Labrador	6.8	16.7	7.0	17.2	7.0	19.2
Prince Edward Island	1.8	1.8	2.1	2.6	2.3	2.8
Nova Scotia	21.7	21.7	20.4	29.5	20.0	31.0
New Brunswick	0.0	6.9	0.0	7.2	0.0	8.7
Ontario[1]	166.7	207.1	191.6	219.2	202.1	257.4
Manitoba[2]	17.0	30.7	12.1	32.5	9.7	37.5
Saskatchewan	29.0	35.8	38.0	39.6	41.2	41.4
Alberta	31.3	32.1	28.7	33.5	33.2	42.5
British Columbia	176.3	176.3	245.8	245.8	277.4	277.4
Yukon	0.2	0.6	0.3	0.6	0.3	0.6
Northwest Territories	0.7	2.1	0.8	2.2	0.8	2.2
Nunavut	2.3	2.8	2.5	2.6	2.6	2.6
P/T SUB-TOTAL	453.7	534.5	549.1	632.4	596.4	723.2
First Nations	50.2	54.3	51.4	57.2	43.6	51.9
Citizenship and Immigration Canada[3]	2.3	3.8	2.1	2.9	1.7	1.9
"Other" SUB-TOTAL	52.6	58.1	53.5	60.0	45.4	53.8
Total	506.2	592.6	602.6	692.4	641.8	777.0

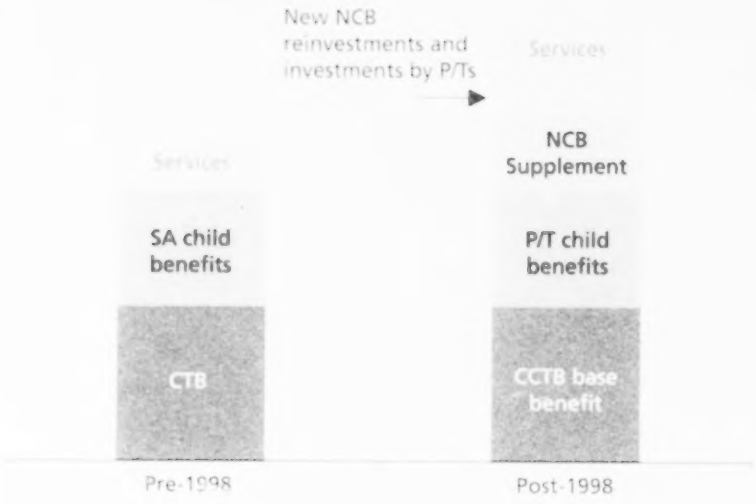
[1] Figures exclude an additional $40 million previously committed to the Ontario Child Care Tax Credit.

[2] Funding for Manitoba's Child Day Care program and Early Childhood/ Children-at-Risk Services is provided through remaining NCB Supplement recoveries, federal Early Childhood Development transfers ($11.1 million in 2001-2002 and $14.8 million in 2002-2003) and provincial revenue.

[3] CIC administers the Resettlement Assistance Program (RAP) for refugees.

Note: The expenditures for 2000-2001 in all jurisdictions may differ from those reported in the *NCB Progress Report: 2001* due to data revisions. Totals may not add due to rounding.

Figure 9 – The Integrated Child Benefit Approach without Adjustment



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- other NCB benefits and services.

Table 3 – NCB Reinvestments & Investments, by Jurisdiction ($ millions)

Jurisdiction	Expenditures 2000-2001		Estimates 2001-2002		Estimates 2002-2003	
	Reinvestment	Reinvestment & Investment (total)	Reinvestment	Reinvestment & Investment (total)	Reinvestment	Reinvestment & Investment (total)
Newfoundland and Labrador	6.8	16.7	7.0	17.2	7.0	19.2
Prince Edward Island	1.8	1.8	2.1	2.6	2.3	2.8
Nova Scotia	21.7	21.7	20.4	29.5	20.0	31.0
New Brunswick	0.0	6.9	0.0	7.2	0.0	8.7
Ontario[1]	166.7	207.1	191.6	219.2	202.1	257.4
Manitoba[2]	17.0	30.7	12.1	32.5	9.7	37.5
Saskatchewan	29.0	35.8	38.0	39.6	41.2	41.4
Alberta	31.3	32.1	28.7	33.5	33.2	42.5
British Columbia	176.3	176.3	245.8	245.8	277.4	277.4
Yukon	0.2	0.6	0.3	0.6	0.3	0.6
Northwest Territories	0.7	2.1	0.8	2.2	0.8	2.2
Nunavut	2.3	2.8	2.5	2.6	2.6	2.6
P/T SUB-TOTAL	453.7	534.5	549.1	632.4	596.4	723.2
First Nations	50.2	54.3	51.4	57.2	43.6	51.9
Citizenship and Immigration Canada[3]	2.3	3.8	2.1	2.9	1.7	1.9
"Other" SUB-TOTAL	52.6	58.1	53.5	60.0	45.4	53.8
Total	506.2	592.6	602.6	692.4	641.8	777.0

1. Figures exclude an additional $40 million previously committed to the Ontario Child Care Tax Credit.
2. Funding for Manitoba's Child Day Care program and Early Childhood Children-at-Risk Services is provided through remaining NCB supplement recoveries, federal Early Childhood Development transfers, $11.1 million in 2001-2002 and $14.8 million in 2002-2003 and provincial revenue.
3. CIC administers the Resettlement Assistance Program (RAP) for refugees.

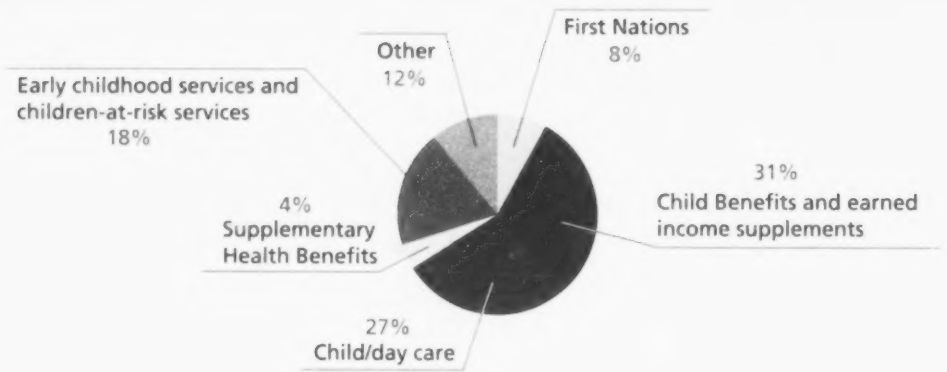
Note: The expenditures for 2000-2001 in all jurisdictions may differ from those reported in the *NCB Progress Report: 2001* due to data revisions. Totals may not add due to rounding.

Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP), which provided refugees with $36.1 million in income support in 2001-2002, reflecting the amounts that jurisdictions provide through social assistance. This includes $2.9 million which is the NCB reinvestment component of the RAP program. CIC investments are included in two of the five key areas of investments and reinvestments: child benefits and earned income supplements and other NCB programs, benefits and services. (Further details on provincial, territorial and First Nations reinvestments and investments are provided in Appendix 2.)

First Nations follow a reinvestment framework administered by Indian and Northern Affairs Canada (INAC). First Nations reinvestments and investments tend to cover a wider range of program areas than their provincial and territorial counterparts, and address the local needs of their communities. First Nations reinvestments and investments fall into five main areas: child/day care; child nutrition; early child development; employment opportunities/training programs; and community enrichment.

First Nations reinvestment and investment amounts, which in 2001-2002 constituted approximately 8.3 percent of total reinvestments and investments, are not included in the discussion below. Instead, details on First Nations programs and services are provided in Chapter 5, *First Nations and the NCB Initiative*, and Appendix 2, *Provincial, Territorial and First Nations NCB Reinvestments and Investments*.

Figure 10 – Summary of NCB Reinvestments and Investments, by Program Area, 2001-2002 Estimates



*The Resettlement Assistance Program (RAP), administered by Citizenship and Immigration Canada (CIC), is included in "child benefits and earned income supplements", and "other".

Child Benefits and Earned Income Supplements

Child benefits and earned income supplements provide important financial support to low-income families through monthly cash payments to the parent or guardian of the child. Increasingly, provinces and territories are providing these benefits outside of the social assistance system, so that families receive child benefits independently of the parents' employment situation. These child benefits are provided in a number of ways (e.g., the Newfoundland and Labrador Child Benefit, the BC Earned Income Benefit, and the Nunavut Child Benefit/Territorial Workers' Supplement). These benefits improve the financial stability of low-income families by helping make up for relatively low wages that often come with entry-level jobs, and making it possible for parents to stay in the labour market and work toward higher wages in the future.

Several provinces have completely restructured their social assistance systems so that they now provide child benefits to all low-income families with children, including those on social assistance. As a result, families in these provinces keep their provincial child benefits – in addition to the NCB Supplement – when parents make the transition from social assistance to work. Several other jurisdictions provide child benefits that top up the amount that families receive through social assistance in support of their children. In most of these cases, the provincial or territorial child benefit is combined with the federal CCTB in a single monthly payment, which is administered by Canada Customs and Revenue Agency (CCRA).

Some jurisdictions also provide low-income working families with an earned income supplement in order to provide incentives to work. Eligibility is tied to earning a certain minimum amount from employment. Earned income supplements top up family-earned income for low-wage earners, helping families to cover the added costs of employment.

In 2001-2002, child benefits and earned income supplements accounted for the largest share of NCB reinvestments and investments. Table 4 illustrates the level of this activity in 2000-2001 and provides estimates for 2001-2002 and 2002-2003.

Child/Day Care Initiatives

Child care must be accessible and affordable so that low-income parents can enter and stay in jobs. Improving access to affordable child care provides this opportunity and contributes to healthy child development.

Provincial/territorial NCB reinvestments and investments in child care have taken a variety of forms, with eight jurisdictions plus CIC devoting NCB funding to this area. In 2001-2002, child/day care has accounted for the second largest share of NCB initiative funding. About 75 percent of the total

Table 4 – Child Benefits and Earned Income Supplements – NCB Reinvestments and Investments ($ millions)

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
Provincial/territorial & CIC expenditures	161.1	212.1	214.4
Percentage of total NCB reinvestments & investments	27.2%	30.6%	27.6%

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NCB-related child/day care funding is for a single program – Ontario's Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities. These subsidies allow facilities to offer low-income working families access to child care at a more affordable price. Other jurisdictions provide assistance directly to families. This reduces families' share of child care costs while allowing them to choose the form of child care that best meets their needs. Some jurisdictions combine both approaches. Each of these forms of support is designed to help low-income families cover the additional costs of child care that result from being employed. Table 5 provides data on child/day care reinvestments and investments.

Early Childhood Services and Children-at-Risk Services

Experts on child development agree that the first six years of life are critical to a child's development and future well-being. Several jurisdictions are focusing NCB reinvestments and investments on services that provide early support to children in low-income families in order to optimize child development and give young children a healthy start in life. These programs range from prenatal screening to information on mother and child nutrition and parenting skills.

In addition to providing early childhood services, these programs are also valuable in providing children and youth at risk with support to help them develop in positive directions. Children-at-risk services, ranging from early literacy classes to recreation programs and youth community programs, can make a positive difference in the lives of these children.

Programs in this key area accounted for the third largest share of NCB initiative funding for the last three years. This area of investment has grown the most of all categories in terms of the number of jurisdictions investing in it – increasing from six jurisdictions to eleven jurisdictions over the four years of the NCB. Table 6 provides reinvestment and investment data on early childhood services and children-at-risk services.

Table 5 – Child/Day Care – NCB Reinvestments and Investments ($ millions)

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
Provincial/territorial expenditures	197.4	188.0	228.7
Percentage of total NCB reinvestments & investments	33.3%	27.2%	29.4%

Table 6 – Early Childhood Services and Children-at-Risk Services – NCB Reinvestments and Investments ($ millions)

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
Provincial/territorial expenditures	91.7	128.0	159.9
Percentage of total NCB reinvestments & investments	15.5%	18.5%	20.6%

Supplementary Health Benefits

Supplementary health benefits include a range of benefits that go beyond basic Medicare coverage, such as optical care, prescription drugs, dental care, or other benefits. The nature of these benefits varies among jurisdictions, many of which have long provided similar benefits to families receiving social assistance. Now, NCB reinvestments and investments in some provinces and territories are providing these benefits to all children in low-income families.

These programs ensure that families do not lose important health benefits for their children when they move from social assistance to the labour market.

The health benefits that are provided as NCB reinvestments and investments vary among jurisdictions. Alberta's Child Health Benefit is the largest of these in the country, making up about 68 percent of the total amount being spent on this type of NCB program across Canada.

Supplementary health benefits have grown since the beginning of the NCB, with six jurisdictions implementing these programs in 2001-2002. Table 7 provides data on these supplementary health benefits.

Other NCB Programs, Benefits and Services

The flexibility of the NCB enables provinces and territories to address particular challenges facing their jurisdictions. Seven jurisdictions plus CIC have investments in this category of "other" benefits and services.

Ontario municipalities, which share responsibility for social assistance with the province, provide a wide array of reinvestment and investment programs and services. These range from early intervention and child care to employment supports and prevention programs. Other reinvestments and investments account for the fourth largest share of NCB initiative funding.

Table 8 shows the level of expenditures in this category for 2000-2001, with estimates for 2001-2002 and 2002-2003.

Table 7 – Supplementary Health Benefits – NCB Reinvestments and Investments ($ millions)

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
Provincial/territorial expenditures	22.6	25.6	27.8
Percentage of total NCB reinvestments & investments	3.8%	3.7%	3.6%

Table 8 – Supplementary Health Benefits – NCB Reinvestments and Investments ($ millions)

	2000-2001 Expenditures	2001-2002 Estimates	2002-2003 Estimates
Provincial/territorial & CIC expenditures	65.5	81.6	94.3
Percentage of total NCB reinvestments & investments	11.1%	11.8%	12.1%

NCB-related child/day care funding is for a single program – Ontario's Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities. These subsidies allow facilities to offer low-income working families access to child care at a more affordable price. Other jurisdictions provide assistance directly to families. This reduces families' share of child care costs while allowing them to choose the form of child care that best meets their needs. Some jurisdictions combine both approaches. Each of these forms of support is designed to help low-income families cover the additional costs of child care that result from being employed. Table 5 provides data on child/day care reinvestments and investments.

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5. First Nations and the National Child Benefit Initiative

In the 2002 *Speech from the Throne*, the Government of Canada reaffirmed its commitment to address the relative social and economic disadvantages experienced by many Aboriginal people. Specifically, the *Speech from the Throne* outlined Canada's commitment to improve health, combat poverty and close the gap in life chances for Aboriginal children and to support the preservation of cultural identity.

As population growth in First Nation communities continues to outpace Canadian population growth, Aboriginal people continue to experience social and economic disparity when compared to other Canadians. In response to this disparity, the federal government is working to ensure that Aboriginal people have the same opportunities enjoyed by all Canadians. By partnering with First Nations on the reinvestment component of the NCB, the Government of Canada is helping to realize the shared goal of improving the quality of life of Aboriginal peoples, especially children.

This chapter outlines how First Nations and the federal government are working together to address the needs of low-income families on reserve through First Nations NCB reinvestments. The chapter explains how First Nations implement NCB reinvestments, including the types of activity areas in which reinvestments occur and it describes how the progress of the NCB reinvestment is being monitored.

First Nations and the Reinvestment Component of the National Child Benefit

Approximately 600 First Nations across the country participate in the NCB. Each plays a significant role in the implementation of the NCB as they design their own reinvestment projects. Similar to provincial and territorial governments, First Nations that deliver social assistance have the flexibility to reinvest savings from adjustments made through social assistance in programs and services tailored to meet the needs and priorities of the individual community.

The programs implemented by First Nations vary from community to community and cover a wide range of program areas. This is because First Nations tailor their reinvestments to meet the specific needs of their individual communities and NCB reinvestment amounts available to First Nations vary according to the size and population of the community. First Nations living in a province or territory may focus on different areas for reinvestment, but the formula for calculating the amount available for reinvestment will be the same for others in the same province or territory. Communities address local priorities for low-income families with children to design and implement projects which address community needs and are consistent with the goals of the NCB.

In many First Nations communities, reducing the depth of child poverty and creating an attachment to the workforce is intimately linked to increasing self esteem and self awareness, and fostering a sense of cultural pride. These include community enrichment activities like raising awareness of cultural traditions and youth engagement. Given the significant impact that a specifically designed activity can have on a small population, the NCB reinvestment component aims to provide a sense of community ownership. For example, if a community aims to teach its young people about nutrition and the importance of a healthy breakfast to begin the day, corresponding nutrition and school breakfast or lunch programs

could be established through the NCB to meet this goal. In other instances, communities have initiated new programs with NCB funds that otherwise would not have been possible.

NCB reinvestment programs for First Nations fall into five broad activity areas:

Child/Day Care – Enhancement of day care facilities and the provision of childcare services which allow more families with low incomes to gain access to day care spaces, or to have their share of child care costs reduced. Child/day care reinvestments include enhancements to existing day care centres and child care for children of parents on employment/training programs.

Child Nutrition – Improving health and well being of children by providing school meal programs as well as education to parents on family nutrition and meal preparation. Some examples include: educational programs aimed at nutrition; food hampers; and meal programs (hot lunches, breakfasts and snacks) provided in school.

Early Child Development – Early intervention for parents to help their children with a healthy start in life. Some examples include parenting skills programs and drop in centres for parents.

Employment Opportunities/Training Programs – Directed at increasing the skill level of individuals with children and thereby increasing their chances of obtaining work. Examples include employment and skills development, youth summer work programs, and personal development workshops.

Community Enrichment – This activity area addresses more intangible and qualitative child development objectives by funding programs and services in the area of cultural teachings (art, music, or storytelling), recreational activities, peer support groups, or groups which bring together community Elders and adolescents. This activity area can also include funding for parenting, family, and community supports, such as life skills, financial management, clothing exchanges, or cultural celebrations.

A recently completed review of First Nation NCB reinvestment data shows that First Nations have identified child nutrition and cultural enrichment initiatives as priorities for NCB reinvestments.

Through the Nutrition reinvestment area of the NCB, First Nations were able to provide school meal programs as well as education to parents on family nutrition and meal preparation.

Table 9 shows the total First Nations NCB reinvestments and investments since the program was implemented in 1998.

Table 9 – First Nations NCB Reinvestments and Investments since 1998*

Year	Total ($ millions)
1998–1999	$30.5
1999–2000	$50.2
2000–2001	$54.3
2001–2002	$57.2
2002-2003	$51.9 (estimate)

* Some expenditures differ from those reported in the *NCB Progress Report, 2001* due to data revisions.

Table 10 – Families and Children on Reserve Benefiting from NCB Reinvestments in 2001 2002[18]		
Region	**Families**	**Children**
Yukon	250	506
British Columbia	15,125	26,088
Alberta	8,218	22,273
Saskatchewan	3,117	9,598
Manitoba	6,662	16,444
Ontario	4,500	9,713
Quebec	4,379	9,610
Atlantic	683	1,086
Total	**42,934**	**95,318**

Table 10 shows the number of children and families who benefited from NCB reinvestments in 2001-2002.

Evaluating the First Nations National Child Benefit

First Nation communities further the goals of the NCB through the provision of programs and services to low-income families and children that improve current and future conditions of life by facilitating their greater participation in the social, economic, and cultural life of the community.

First Nations also used a significant amount of NCB reinvestment funds for a variety of cultural enrichment activities. These included traditional arts and crafts instruction for children and youth, traditional dance classes and events with community Elders.

Interim Evaluation:

In order to assess NCB reinvestments being implemented in First Nations communities, an interim evaluation process was begun in 2001. The cooperative process emphasized the working relationship between Indian and Northern Affairs Canada (INAC) and First Nations and surveyed 10 First Nations across the country.

Data was collected from a number of sources, including but not limited to: site visits to eight First Nation communities in four regions, a dialogue circle in each community, interviews with chiefs and council members, interviews with 28 key informants, and two case studies of communities that exemplify best practices in data collection and reporting. The process produced a report as an *Interim Evaluation of the NCB for First Nations*.

The evaluation highlighted three key themes of the reinvestment component: flexibility for First Nations in programming; First Nation ownership of the program; and the importance of reporting. The evaluation report contained several recommendations to improve the reinvestment component for First Nations according to each of the main evaluation issues below.

[18] Some families benefit from multiple community projects. Therefore, it is possible the number of families and children may include duplicates.

Implementation

The evaluation found that some disagreement exists regarding the nature and extent of INAC involvement in the delivery of programs funded under the NCB. Departmental personnel reported that regional offices and First Nations work closely in designing, implementing, and tracking initiatives. First Nation respondents tended to report that INAC involvement is minimal in these areas. The reality appears to be somewhere in the middle, as INAC focuses on communication of policy, program guidelines, and reporting requirements. Ensuring that the roles and responsibilities of each of the stakeholders are clearly defined can lead to improvements in many areas, including program design and reporting.

Consistency of Programs with NCB Objectives

First Nations perceived the reduction of child poverty as the most relevant objective, and most of the programs are completely consistent with that objective. Some of the programs examined are consistent with the labour force attachment objective, but this type of program is less common. The third objective (elimination of program overlap and duplication) is not given a great deal of attention by First Nations, since most of the programs are aimed specifically at the largest gaps between existing programs and services.

During the evaluation, it was suggested that some communities have taken varying approaches when defining the scope of their NCB reinvestments. For example, some communities have focused on projects which benefit the greatest number of low-income families with children, such as providing breakfast for a hungry child, whereas others have chosen to contribute to the specialized development of a more select group. The guiding principle is the community's ability to use their reinvestments to further the objectives of the NCB. However, it is not apparent that all First Nations have developed such a rationale for each of their reinvestments. Especially when programs existed prior to the NCB, the lack of such rationales can create the impression that the reinvestments are simply another source of funding for social programming, not a unique venture designed to improve the well-being of children.

Reporting

According to data reported by the Department, one-third of First Nations are not meeting the minimum reporting requirement of an annual one-page report. This suggests that there are systemic obstacles to reporting that should be addressed. Evidence exists that reporting rates vary by region, but no specific data on regional variance currently exist. Key informants believe that the type and amount of data being requested are sufficient; the problem appears to be that the data actually being supplied are insufficient.

Program Outcomes

Short-term, concrete effects are evident among the children and families who have participated in activities funded by NCB reinvestments. Low-income families in general derive benefits from NCB projects, and some anecdotal reports exist of broader community benefits stemming from the reinvestment projects. The evaluation has reported on creative approaches to projects that show the potential, if properly documented, to become examples of best practice. At this point, however, there is little reliable information regarding outcomes, impacts, best practices, or lessons learned from reinvestment projects. It should be noted that identifying indicators and evaluating outcomes are among the most challenging areas of program evaluation. While it is logical to include these two components (outcomes and indicators) in a self-evaluation process, they undoubtedly create high expectations

that have yet to be met. It would be to the advantage of both INAC and First Nations to review these sections and agree on a more achievable approach to documenting project outcomes.

Program Effectiveness/Efficiency/ Outcomes

A number of federal programs targeted to First Nations have similar general goals to the NCB reinvestments, but none use the same approach. In general, there appears to be little interaction among these separate programs. Exceptions are found among the regions that were visited where interaction and coordination exist among programs intended to address child poverty and attachment to the labour force. This is the essence of the third NCB objective; even though few respondents see this goal as particularly relevant, it was found that in some cases programs reach a high level of coordination. These initiatives, if systematically identified and publicized, provide an important model for other First Nations.

Conclusion of the Interim Evaluation

The NCB for First Nations is an important program and is part of the most important initiative to support children ever mounted in Canada. In the report, the implementation of the NCB for First Nations was reviewed. In general, the program was found to be effectively implemented, and, based on key informant information, it has made a valuable contribution to the well-being of children in First Nation communities. The next phase of implementation presents a key challenge for INAC and First Nations to create a reporting process that will identify outcomes and best practices. It was suggested that a process of thematic and cluster evaluations offers the best option for tracking the progress of the NCB for First Nations.

A more detailed summary of the Interim Evaluation of the NCB for First Nations will be published in the First Nations NCB report for 2001 2002, which is scheduled for release by INAC in 2003.

Additional Federal Investments in the NCB

In addition to the First Nations reinvestment component of the NCB initiative, INAC reimburses provinces and territories for integrated child benefits paid to low-income families with children who are ordinarily resident on reserve. This is the case in Saskatchewan and the Yukon.

6. Monitoring Progress – Societal Level Indicators

Federal, provincial and territorial governments are committed to monitoring and reporting on the National Child Benefit (NCB) initiative in accordance with the NCB Governance and Accountability Framework.[19] This commitment is essential so that Canadians can be informed on the NCB's progress toward meeting its three goals.

This chapter focuses on societal level, or general outcome, indicators that are affected by the NCB and also affected by many factors that are unrelated to the NCB, such as government investments in income transfers, changes in tax policy, the general level of economic activity, or changes in demography. Changes in the NCB initiative would also influence these indicators. However, no attempt is made to isolate the impact of the NCB on these trends. Instead, the indicators reported on in this chapter paint a broad picture of the condition of low-income families with children in Canada and provide a basis for comparison on the progress made over time. Chapter 7 will describe and report on outcome indicators, which identify the direct impact of the NCB on families with children.

Measuring Low Income

Canada does not have an official poverty line. Several different measures of low income are used in Canada and in recent years there has been considerable debate about the best way to measure it. Some believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others believe that it means not having enough income to participate fully in one's community. Still others believe that low income lies somewhere in between.

The two most widely used indicators of low income in Canada are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both establish a dollar figure below which a family is considered to be living on low income. They can be reported based on total income (i.e., income including government transfers such as the Canada Child Tax Benefit, before the deduction of income taxes) known as pre-tax, or after-tax income (i.e., total income after the deduction of income taxes) known as post-tax. As well, there is the Market Basket Measure (MBM), which is now available.

Both pre- and post-tax LICOs are set according to the proportion of annual income spent on basic needs, including food, shelter and clothing. The LICO line is the income level at which the average family with that income spends 20 percentage points more of its income on these items relative to the average family. In this case, the family falls beneath the LICO line. The size of the family and community is taken into account, but geographic differences in the cost of living are not.

continued next page...

[19] The NCB Governance and Accountability Framework can be found on the NCB website, at: www.nationalchildbenefit.ca

The LIM was developed as an alternative to the LICOs. It considers a family to be living on low income if its income, adjusted for family size, is less than half the median income (the income level at which the incomes of half of all families are higher and half are lower). The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographic differences in living costs across Canada.

This year the NCB Progress Report will focus on post-tax LICOs rather than pre-tax LICOs, as in previous years. This change in focus is partly a consequence of a change in the reporting focus to post-tax LICOs of the Survey of Labour and Income Dynamics (SLID), the primary data source for most of the indicators in this report. More importantly, however, post-tax income is generally considered to be a better measure of low-income in Canada[20] for two reasons. First, post-tax income more fully accounts for the re-distributive impact of Canada's tax system. Pre-tax income includes the effect of government transfers but not taxes. But post-tax income refers to the income available to a family after both government transfers and taxes. Secondly, since the purchase of necessities is made with after-tax dollars this approach more fairly and consistently measures the economic well-being of individuals and families. Consequently, indicators based on post-tax LICOs are better indicators of the impact of government initiatives like the NCB on the overall economic well-being of Canadian families with children.

While the focus has shifted to post-tax LICOs, this chapter continues to include information on the pre-tax LICOs and the post-tax LIM. These various measures are used to follow trends relating to the low-income population, such as the depth and incidence of low income, by family type and source of income. The numbers of families living in low income differ from measure to measure, but the trends illustrated are very similar. Statistical trends and impact results, based on pre- and post-tax LICOs and post-tax LIMs, can also be found on the NCB initiative website at www.nationalchildbenefit.ca.

The measures used in this chapter only indicate trends among Canadian families with children in terms of income. However, many other investments in benefits and services introduced under the NCB initiative contribute to improving the well-being of children and their families. Many provincial and territorial NCB programs, benefits and services, such as supplementary health benefits, child/day care, early childhood and children-at-risk services, do not directly affect income trends but are still an important part of governments' strategies to support Canadian families.

[20] Statistics Canada, *Income in Canada, 2000* (Ottawa: 2002) Catalogue 75-202-XIE, p. 89.

Table 11 – Outcome Indicators for the NCB

GOALS	SOCIETAL LEVEL INDICATORS	DIRECT OUTCOME INDICATORS
Help prevent and reduce the depth of child poverty.	Depth of low income (dollar and percentage) • Additional amount of income a low-income family would need to reach a pre-determined line (as measured by the LICOs, LIM and Market Basket Measure.	Depth of low income • The change in the aggregate amount of income that low-income families would need to reach a pre-determined line, due to NCB benefits, within a year.
	Incidence of low income • Number and percentage of families and children living in low income (as defined by the LICOs, LIM and Market Basket Measure. • Number of families/children on social assistance.	Incidence of low income • The change in the number of families and children that fall below the low-income line, because of the NCB, within a year.
	Duration of low income • Number and percentage of families and children who have been on low income during all four previous years.	Not applicable
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	Labour market participation • Number and percentage of earners in families below the low-income line. • Average earned income of low-income families as a percentage of the low-income line. • Average earned income of low-income families, over time, expressed in constant dollars.	• The change in the difference in disposable income between social assistance and employment due to the NCB, within a year. • The change in social assistance caseloads, exit rates and duration of spells on assistance due to the NCB.
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.	*Level 1* – use of federal income tax system to deliver benefits. *Level 2* – participation rates in NCB programs, examples of expanded information-sharing agreements. *Level 3* – surveys of managers and other key informants (monitored as part of the NCB evaluation).	Not applicable

The Market Basket Measure

The Market Basket Measure (MBM) is a new tool that will provide a different way of understanding low income.[21]

The MBM was developed by Human Resources Development Canada in consultation with a Federal/Provincial/Territorial Working Group of officials on Social Development Research and Information. This work was initiated in 1997 when Federal, Provincial and Territorial Ministers Responsible for Social Services asked officials to explore whether a new tool could be developed to complement existing measures of low income trends for families with children.

The MBM will be used to complement the LICOs and the LIM to assess low-income trends among families with children. The LICOs and the LIM are relative measures: the former is based on average consumption patterns and the latter is set at half of median income, adjusted for household size and composition. The MBM identifies disposable income levels that are required to purchase a transparent basket of goods and services in various communities across Canada.

The MBM is based on the actual cost of food, clothing, shelter, transportation and other necessary goods and services, such as household supplies and telephone services, that are widely viewed as unacceptable for any household to be without. Households are considered to be to be living in low income if they are unable to purchase this basket of goods and services after accounting for income and payroll taxes and out-of-pocket spending. This out-of-pocket spending includes such items as child care necessary to earn income, medically prescribed health expenses and aids for persons with disabilities.

Compared with the LICOs and the LIM, the MBM is a more precise reflection of differing living costs by geographic location.

Data has been collected for the MBM for 2000. This allows the calculation of the incidence and depth of low income. The incidence of low income refers to the number of families with children whose disposable falls below a pre-determined low-income threshold expressed as a percentage of all families with children. Using the MBM, the incidence of low income among Canadian families with children was 15.2 percent in 2000. This translates into 586,000 families with 1,164,000 children. The depth of low income measures how far family income falls below a given low-income threshold. Using the MBM, the depth of low income for families with children was 26.6 percent.

[21] The income data for the MBM are from Statistics Canada's Survey of Labour and Income Dynamics (SLID) which is not currently administered in Nunavut, the Northwest Territories and the Yukon. Consequently, for the year 2000 data, Statistics Canada was not able to provide reliable income estimates for persons living in these three jurisdictions, nor was it able to produce reliable estimates for the cost of some components of the basket in the Territories. For these reasons, the MBM cannot currently be applied in the Territories. Work is underway to capture income and pricing data from the Territories.

The key trends from the societal level indicators (using post-tax LICOs) for low-income families with children include:

- The number of families with children living in low income continues to decline. The incidence of low income among families with children dropped from a peak of 15.8 percent in 1996 to 12.5 percent in 1999. In 2000, the incidence of low income continued to decline to 11.4 percent. This represents a reduction in the number of families with children living below the post-tax LICO from 616,400 in 1996 to 439,900 in 2000, or a decline of 176,500 families.
- The number of children living in low-income families has declined from a peak of 1,174,800 in 1996 to 867,600 in 2000, or a decrease of 307,200 children.
- There is continuing moderate improvement in the income situation of low-income families with children. The depth of low income (which is the additional amount of income needed by low-income families to reach the low-income line) declined by 3.2 percent between 1996 and 2000. Expressed in 2000 dollars, the average depth of low income was $6,632 in 2000 compared to $6,848 in 1996.
- Duration of low income among families with children is declining. The number of children living in low income four years in a row declined from 6.5 percent between 1996 and 1999 to 5.1 percent between 1997 and 2000.
- There is a reduction in dependence on social assistance among families with children and corresponding evidence of increasing attachment to the labour force. The total social assistance caseload for families with children declined by 49 percent, from 631,900 to 319,700 families between 1996 and 2002. The proportion of low-income families in which at least one parent was employed for pay during the year increased from 57.0 percent in 1996 to 66.0 percent in 2000.

The SLID Database

The analysis in this chapter and Chapter 7 is based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID). The SLID is a longitudinal labour market and income survey begun in 1993 as a replacement to the Survey of Consumer Finances. The SLID has a number of advantages and limitations which affect the quality of the analysis presented in this report.

A major and unique advantage of the SLID for the analysis in this report is that it allows for an ongoing analysis of the NCB initiative. As a longitudinal income survey, the SLID permits an assessment and comparison of the impacts of the NCB initiative on particular individuals over time. The SLID is designed to track the economic well-being of Canadians within a shifting economic environment.[22] The depth of information available in the SLID permits the impact of the NCB initiative to be assessed in isolation from other changes affecting individuals and families, such as changes in paid work, family makeup, receipt of other government transfer payments and other factors.

However, the SLID database also has a number of limitations. The SLID tends to underreport social assistance benefits because of non-reporting of these

[22] Lavigne, Mylène and Sylvie Michaud. "General Aspects of the Survey of Labour and Income Dynamics" (Ottawa: Statistics Canada, December 1998).

benefits by some low-income families. This results in an overestimation of the number of low-income families that are working and therefore could bias upward the total impact of the NCB initiative. The SLID also overestimates the length of time that families spend on social assistance. The SLID assumes that a family receives social assistance for an entire year, even if that family received social assistance for only part of the year. Recent studies[23] have shown that movements in and out of social assistance within a year are significant. As a result, the SLID database overestimates the total amount of the NCB initiative adjustments to social assistance benefits made by provincial and territorial governments and results in an underestimation of the total impact of the NCB initiative benefits. A simulation performed by Statistics Canada using the Social Policy Simulation Database and Model (SPSD/M) to evaluate the impact of these limitations showed they had a relatively small impact on the type of aggregated indicators used in the NCB Progress Report. These simulation results were summarized in an appendix to the *NCB Progress Report: 2001*.

Finally, in-depth analysis of the SLID has recently revealed that the number of NCB Supplement recipients is underrepresented in the SLID by approximately 30 percent, compared to CCTB administrative data provided to HRDC by Canada Customs and Revenue Agency (CCRA). The magnitude and direction of the effect of this under-representation on determining the impact of the NCB are difficult to predict. The income distribution of missing cases among the low-income population is unknown. Depending on the income distribution of the missing cases, the levels of the low-income measures being used to assess precisely the NCB Supplement may change. It is not possible to assess the NCB in terms of reducing the incidence or depth of low-income if the low-income measures used to determine this are subject to change.

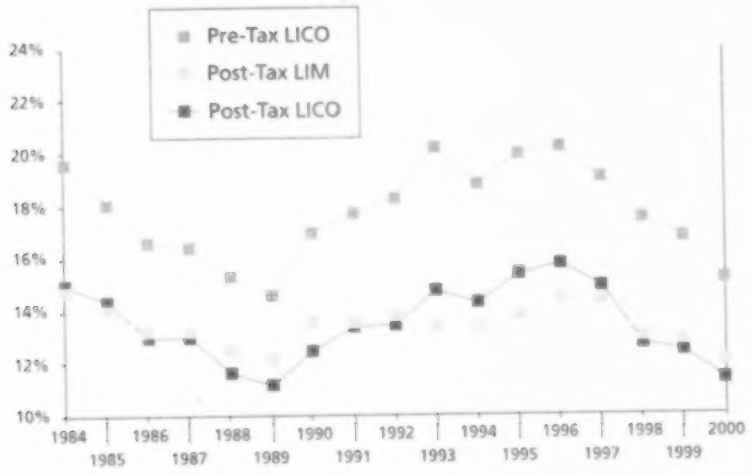
A Declining Incidence of Low Income Among Families with Children

The incidence of low income refers to the number of families with children who fall below a pre-determined low-income line expressed as a percentage of all families with children. The trend in the incidence of low income among Canadian families with children over the last 16 years is shown in Figure 11, using post and pre-tax LICOs, and post-tax LIMs.

The proportion of families with children living in low income has closely followed the business and employment cycles over these years. The latter half of the 1980s was a period of economic growth and low unemployment in Canada (see Figure 12). As Figure 11 shows, this translated into a decline in the percentage of families with children living in low income. On the other hand, the early 1990s were a period of economic slowdown and high unemployment in Canada. This translated into an increase in the percentage of families with children living in low income. Since 1996, steady and significant progress has been made in reducing the incidence of low income among Canadian families with children. Figure 11 shows this progress continued in 2000.

[23] Barret, Garry F. and Michael I. Cragg. "An Untold Story: The Characteristics of Welfare Use in British Columbia," *Canadian Journal of Economics* 31 (1998): 165-188.
Finnie, Ross, "The Dynamics of Poverty in Canada: What We Know, What We Can Do?", *C.D. Howe Institute Commentary* 145 (September 2000).

Figure 11 – Percentage of Families with Children below LICOs and LIM thresholds, 1984-2000



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

Figure 12 – Unemployment Rate and Percentage of Families Below Post-tax LICOs, Canada, 1984-2000

Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000; Labour Force Survey from 1984 to 2000.

Using post-tax LICOs measure, Figure 11 shows the incidence of low income among families with children dropped from 15.8 percent in 1996 to 12.5 percent in 1999. In 2000, the incidence of low income continued to decline to 11.4 percent for an overall decline since 1996 of about 28 percent. The decline in the incidence of low income among families with children has been substantial over the last few years, such that it is now at about its 1989 level (10.8 percent).

This reduction translates into more than 176,500 families with about 307,200 children moving above the post-tax LICOs between 1996 and 2000. In 2000, there were 439,900 families with 867,600 children living below the post-tax LICOs compared to 616,400 families with 1,174,800 children in 1996.

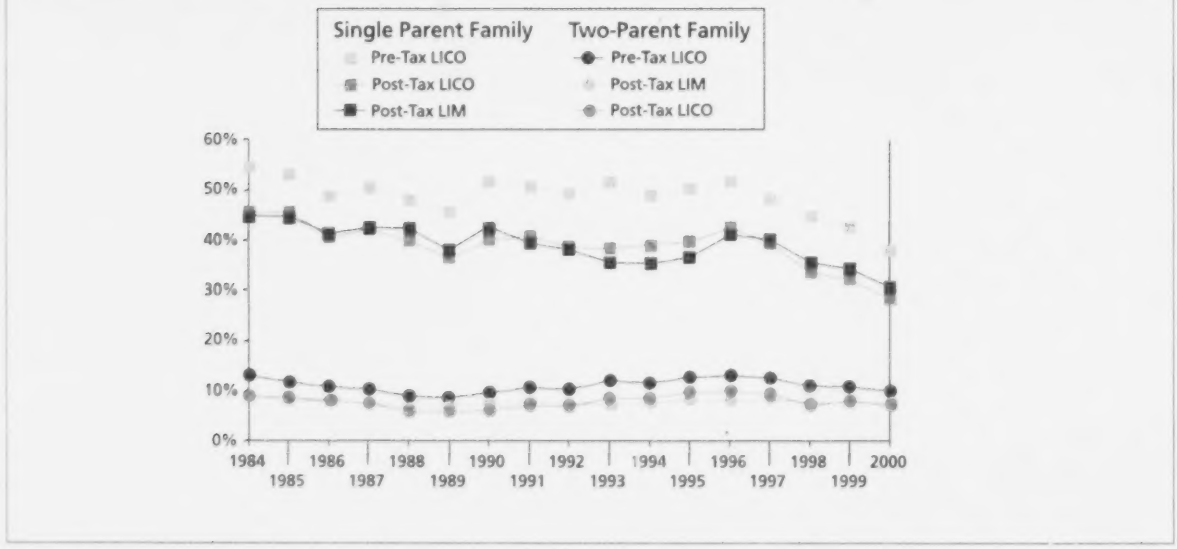
The reduction in the proportion of single-parent families living in low income over the last five years has been particularly significant. As Figure 13 shows, the proportion of one-parent families living below the post-tax LICOs declined from 42.5 percent in 1996 to 28.6 percent in 2000. The proportion of two-parent families living below the post-tax LICO showed a more modest decline, from 9.8 percent to 7.5 percent over the same period.

These trends over the past few years are encouraging. While the decline in the depth of low income is mainly due to the strong economic performance of the late 1990s, the NCB initiative's income benefits have also contributed to these trends in terms of reducing the incidence and also the depth of low income.

Low Income is Temporary for Most

Low income is usually not a permanent situation for most families with children. Among those families who do experience it, most move in and out of low income over time. From 1984 to 2000, on average, about 13.5 percent of families with children lived in low income in any given year. However, as shown in Figure 14, between 1996 and 1999, about a quarter of all children aged 13 and under lived in a family

Figure 13 – Percentage of Families with Children with Low Incomes, Single Parent and Two-Parent Families, LICOs and LIM, 1984-2000



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

which experienced low income for at least one of those four years (1,341,000 children in total). However, of those 1,341,000 children, less than one-half lived in low income for more than two of these four years (601,000 children in total or 11.5 percent of all children age 13 and under). Only about a quarter of these children lived in a low-income situation for all four years (341,000 children in total or 6.5 percent of all children age 13 and under).

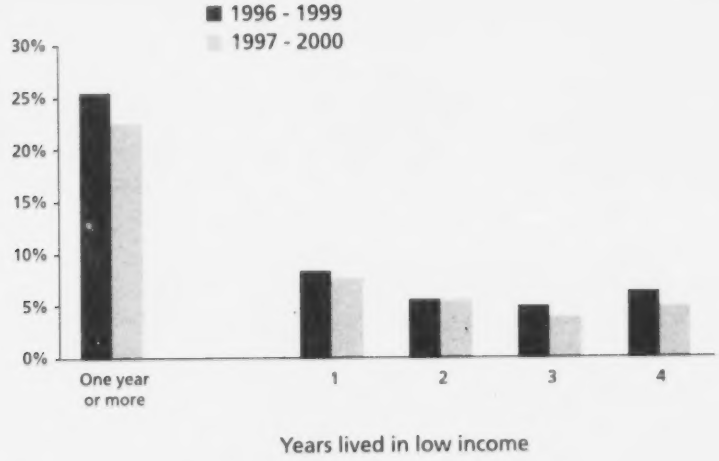
There is evidence this situation is improving. In comparing the 1996-1999 period to the next four-year period, 1997-2000, the proportion of children experiencing low income in at least one of the four years declined from 25.6 percent to 22.7 percent. Even more pronounced is the decline among those children experiencing low income in all four of the years, which fell from 6.5 percent in the 1996-1999 period to 5.1 percent in 1997-2000.

Depth of Low Income Shows Signs of Decline

The depth of low income measures how far family income falls below a given low-income line. It measures the additional amount of income a low-income family would need to reach a pre-determined low-income line, such as Statistics Canada's LICOs or the LIM.

An example is given below in Table 12. It shows that the 2000 low-income line (post-tax LICO) of a two-parent, two-child family living in a city of more than 500,000 people is $29,163. If such a family had post-tax income of $21,872 in that year, its depth of low income would be $7,291 (i.e., $29,163 – $21,872). Expressed as a percentage, the depth of low income of this family is equal to 25 percent of the low-income line (i.e., [$7,291/$29,163] x 100).

Figure 14 – Children 13 and Under Living in Low Income, 1996-1999 vs. 1997-2000



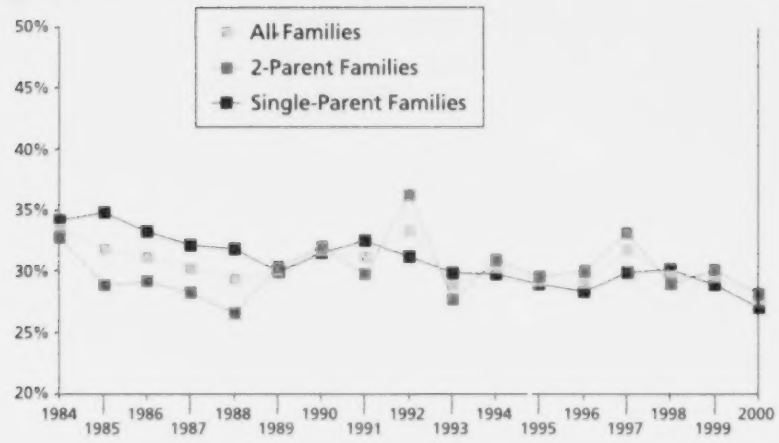
Source: Statistics Canada, Survey of Labour and Income Dynamics.

Table 12 – Depth of Low Income for a Two-Parent, Two-Child Family Living in a City of More Than 500,000 People in 2000

	2000 Low-Income Cut Off (Post-tax)	Example Family's Income (Post-tax)	Difference Between Low-Income Cut Off And Example Family's Income (Depth of Low Income of that Family)	Percentage Points Below Low-Income Cut Off
Post-tax LICOs	$29,163	$21,872	$7,291	25.0

Source: Income in Canada 2000, Statistics Canada.

Figure 15 – Post-tax LICOs: Depth of Low Income – Shortfall of Low-Income Families with Children as a Proportion of the LICO, 1984-2000



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

As illustrated in Figure 15, the depth of low income for families with children has generally improved since 1984. Between 1996 and 2000, the depth of low income for families with children improved from 29.4 percent to 27.6 percent.

In 1996, low-income families with children had an average after-tax income of $16,443. These low-income families would have needed, on average, $6,848 to reach the low-income line (post-tax LICOs). Comparatively, low-income families had an average after-tax income of $17,397 in 2000 and needed, on average, $6,632 to reach the low-income line (post-tax LICOs).[24]

[24] For comparison purposes, the figures in this paragraph are expressed in 2000 dollars.

Earned Income of Low-Income Families is on the Rise

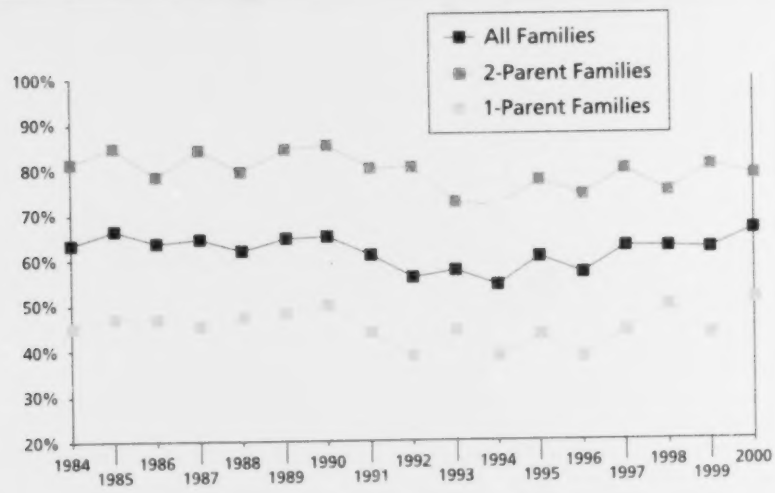
Promoting attachment to the labour force among low-income families with children is the second goal of the NCB initiative. Figure 16 indicates that from 1984 to the economic downturn in the early 1990s the percentage of low-income families in which the parents had paid employment was quite stable. The percentage declined during the early 1990s, but it has continued to increase during the economic recovery of the late 1990s.

The proportion of low-income families with children in which at least one parent was employed for pay during the year increased from 57.0 percent in 1996 to 66.0 percent in 2000. The proportion of one-parent families employed for pay rose from 38.5 percent to 51.0 percent over the same period. Many factors, such as social assistance reforms and the economic recovery of the late 1990s, have contributed to this development.

Additional information on labour force attachment can be gained by examining the sources of income of low-income families with children. For example, Figure 17 shows the average level of government transfers received and average earnings of low-income families with children between 1984 and 2000 (expressed in 2000 dollars).

Since the early 1990s, an increasing proportion of the income of low-income families with children has come from employment earnings. In 1992, low-income families earned, on average, $4,416. This amount represented approximately 31 percent of the after-tax income of low-income families. In 2000, low-income families earned, on average, $6,248, which represented 36 percent of their total after-tax income. During this same period, government transfers remained relatively constant and continued to play an important role as a source of family income for low-income families.

Figure 16 – Post-tax LICOs: Percentage of Low-Income Families Employed for Pay During the Year, By Family Type, 1984-2000



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

Figure 17 – Source of Family Income, Low-Income Families with Children, Post-tax LICOs (expressed in 2000 dollars)

Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics from 1996 to 2000.

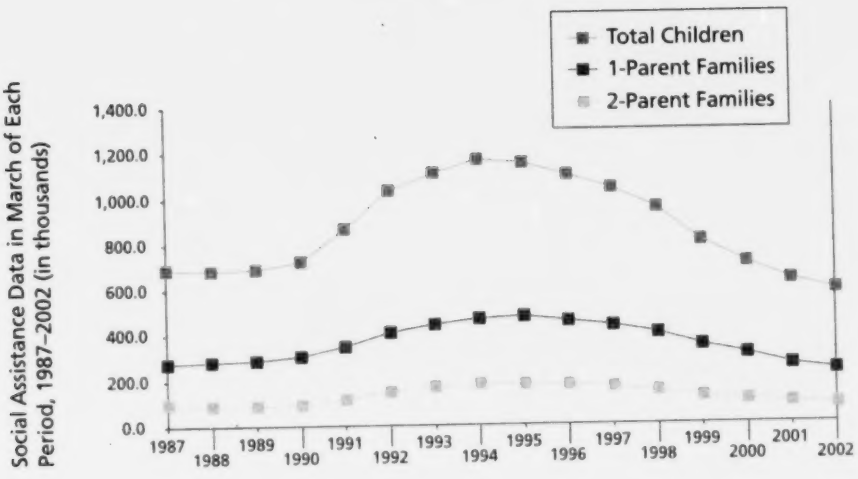
Fewer Canadian Children Are on Welfare

While it is not a direct indication of increased labour force attachment, there was a significant decline in the number of families receiving welfare during the late 1990s. Figure 18 shows the number of one-parent families relying on social assistance declined by 48 percent, from 454,500 households in March 1996 to 237,600 in March 2002. The number of two-parent families with children relying on social assistance decreased by 54 percent, from 177,400 to 82,100 households over the same period. As a result, the overall number of children living in families relying on social assistance decreased by 46 percent between 1996 and 2002, from 1,096,900 in 1996 to 591,200 in 2002.

It is notable to compare the reduction in social assistance caseloads for families with children with the situation of childless families. Figure 19 shows that between 1996 and 2002, the two-parent family welfare caseload numbers decreased by 53.7 percent while those of couples without children decreased by only 17.6 percent. Over the same period, the caseload for one-parent families declined by 47.7 percent compared to a decline of 17.7 percent for singles without children.

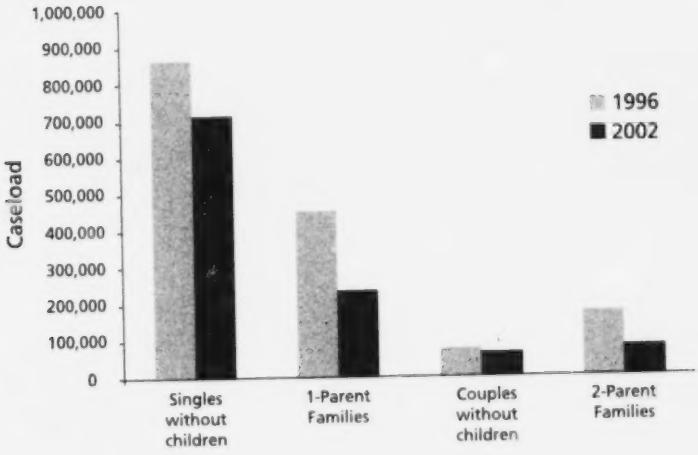
Economic growth in the late 1990s was one of the main reasons for the reduction in welfare caseloads. Another important factor in these reductions was welfare reform measures, including the restructuring of social assistance systems in several provinces as part of the NCB initiative. The direct impact of the NCB on these trends is explored in greater detail in Chapter 7.

Figure 18 – Social Assistance Data in March of Each Year, 1987- 2002 (in thousands)



Source: Social Policy, HRDC.

Figure 19 — Social Assistance Data in March of Each Period, 1996 and 2002 (in thousands)



Source: Social Policy, HRDC.

Summary

The trends examined in this chapter show a general improvement in the economic well-being of low-income families with children in Canada. The incidence of low income declined from 15.8 percent in 1996 to 11.4 percent in 2000, a reduction of 28 percent. The decline in the incidence of low income among families with children has been substantial over the last few years, such that it is now at about its 1989 level (10.8 percent). The depth and duration of low income among families with children also declined in the late 1990s and continued to decline in 2000. During the same period, attachment to the labour force and the share of income from earnings of families with children increased while dependence on social assistance has declined. These trends have been particularly strong among single-parent families.

The improvement in these societal level indicators is not surprising given the economic recovery Canada has experienced in the last few years. They are, nevertheless, very encouraging. However, the extent to which the NCB contributed to changes in these trends cannot be directly determined from the societal level indicators reported on in this chapter. They do no tell us the extent to which the NCB is responsible for changes in these trends. Chapter 7 will describe and report on direct outcome indicators which separate out the direct impact of the NCB on families with children.

7. Assessing the Impact of the National Child Benefit Initiative

The previous chapter examined societal level indicators such as the incidence and depth of low income. Although these general indicators are important for understanding how the situation of low-income families has changed in recent years, they do not isolate the direct impacts of the NCB initiative on families with children.

This chapter reports on the direct impact of the NCB initiative in making progress on each of its three goals.

Section I of the chapter presents evidence on how the NCB initiative has helped to prevent and reduce the depth of child poverty in Canada in 2000.

Section II reports on evaluation work that assessed how the NCB initiative may have influenced the labour market decisions of families with children. This section relates to the second goal of the NCB – to promote labour market attachment by ensuring that families will always be better off as a result of working.

The analyses in these two sections focus on the income benefits of the NCB initiative. While some evidence of the impact of the supplementary health benefits is provided, in-kind services such as child/day care, early childhood services and children-at-risk services introduced under the NCB initiative are not assessed in these analyses. Although these benefits and services do not directly affect the income indicators presented in Sections I and II, they form an important part of governments' strategies to support Canadian families. In 2000, these reinvestment programs represented approximately $345 million, or about 70 percent of total provincial and territorial reinvestment and investment strategies.

Section III describes structural changes in the delivery of child benefits resulting from more coordinated efforts of federal, provincial and territorial governments and First Nations. These changes indicate the extent to which the NCB initiative is furthering its third goal – to reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

Highlights of the impact of the NCB initiative on its three goals:

Goal 1. To help prevent and reduce the depth of child poverty.

- The NCB is making progress toward its goal to help prevent and reduce the depth of child poverty in Canada. Based on post-tax LICOs,* the impact of the NCB was assessed by comparing the simulated child benefit structure in 2000 without the NCB initiative with the actual child benefit structure in 2000.** *Thus, as a result of the NCB in 2000*:
  - 55,000 children in 22,900 families were not living in low income, a 5.1 percent reduction in the number of low-income families or 1 in 20. These families with children saw their average disposable income increase by almost $1,800, or 7.5 percent.
  - Families with children living in low income in 2000 were, on average, about $700 better off, representing an increase in their average disposable income of 4.1 percent.
  - The low-income gap was reduced by $320 million, a decline of 9.6 percent.

Goal 2. To promote attachment to the labour market by ensuring that families will always be better off as a result of working.

- In most jurisdictions, the NCB is making work financially more attractive than social assistance for families by improving the difference between minimum wage employment and social assistance. This improvement was associated with a reduced dependency on social assistance among families with children.
  - In 1997, prior to the introduction of the NCB, disposable incomes of single-parent families with two children declined by more than 8 percent when they left social assistance for full-time minimum wage employment. By 2001, their disposable incomes were 2 percent higher after leaving social assistance – an overall improvement of more than 10 percentage points since 1997. The NCB was responsible for 72 percent of that improvement.
  - There is evidence that the reduction in the welfare wall brought about by the NCB was associated with a decline in the social assistance caseloads among families with children and a decline in the length of time single-parent families spend on social assistance.

Goal 3. To reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

- Simplified administration of child benefits allowed many jurisdictions to combine the NCB Supplement with provincial/territorial child benefits into a single integrated payment.
- The flexibility of the NCB agreement allowed provincial, territorial governments and First Nations to respond to the local needs of low-income families.

* For results based on pre-tax LICOs and post-tax LIM, please refer to Appendix 4.

** The 2000 SLID data used for this analysis captured only NCB income benefits. As a result, approximately $221 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 2000 (or 30 percent of provincial/territorial reinvestments and investments) are not included in this analysis. This also excludes approximately $263 million invested in the NCB, which otherwise would have been invested in the WIS in 2000, if the NCB had not been introduced.

I. Preventing and Reducing the Depth of Child Poverty

This section shows how the NCB is making an impact on the first of its three goals. It presents a simulation of the direct impact of the NCB in 2000 to prevent and reduce the depth of child poverty in Canada. The analysis isolates the impact of the NCB on the following three outcome indicators from January to December 2000:

- The change in number and incidence of children and families with children living in low income;
- The change in the low-income gap (the aggregate amount of income that low-income families would need to reach a pre-determined low-income line); and
- The average change in disposable income that families with children saw in 2000 as a direct result of the NCB or the average contribution of the NCB to disposable incomes of families with children who received the NCB Supplement in 2000.

Methodology

The impact of the income benefits of the NCB initiative is determined by comparing the difference in one of these outcome indicators under two different federal/provincial/territorial child benefit structures in 2000: the actual structure with the NCB initiative, and a simulated structure without the NCB initiative. The impact of the NCB income benefits is determined by the difference between these two child benefit structures. This methodology is designed to capture $1.3 billion of the NCB income benefits. Key characteristics of these two child benefit structures are presented in Table 13.

This methodology has the advantage of isolating the impact of the income benefits of the NCB initiative on the three outcome indicators described above, while keeping other socio-economic variables such as level of employment or earnings unchanged. However, the methodology employed here cannot capture changes in the economic behaviour of low-income families with children which may have been caused by the NCB. For example, on one hand, the NCB may have encouraged low-income families to enter the workforce. On the other hand, the NCB Supplement reduction rates may have had a negative impact on the number of hours worked, especially by some workers. These dynamic effects are not captured by this methodology. The impact of the NCB on the economic behaviour of low-income families, particularly their attachment to the labour force, is examined in Section II of this chapter.

Table 13 – Comparison of Two Federal/Provincial/Territorial Child Benefit Structures in 2000

Structure 1: Without NCB Initiative	Structure 2: With NCB Initiative
Maintain the 1996 Working Income Supplement (WIS) structure	Introduce the NCB Supplement
No adjustments to provincial/territorial income support programs for increases in the NCB Supplement	Introduce adjustments to provincial/territorial income support programs for increases in the NCB Supplement
No provincial/territorial reinvestment programs and additional investments in income benefits directly related to the NCB initiative	Introduce provincial/territorial reinvestment programs and additional investments in child benefits and earned income supplements*

* In 2000, these reinvestment programs (income benefits) represented approximately $345 million or over 70 percent of provincial, territorial and First Nations reinvestment and investment strategies.

The analysis in this chapter is restricted to NCB Supplement recipients,[25] unlike the methodology used for the *NCB Progress Report: 2001*, which covered all low-income families with children. In this report, the average change in 2000 disposable income of NCB Supplement recipients was determined for the following three groups of families with children in receipt of the NCB Supplement:

1. Families with children who remained living in low income in 2000, even with the NCB Supplement;
2. Families with children who were prevented from living in low income in 2000; and
3. All other families with children who received the NCB Supplement in 2000.

The application of the above methodology to the data from the 2000 Survey of Labour and Income Dynamics (SLID)[26] made it possible to assess the impact of the income benefits of the NCB on all families with children who received the NCB Supplement in 2000. All estimates are reported based on the post-tax LICO measure. Results based on pre-tax LICOs and post-tax LIM are presented in Appendix 4.

Impact of the NCB on Child Poverty: Fewer Low-Income Families with Children in 2000

In 2000, the NCB initiative was responsible for preventing an estimated 22,900 families with 55,000 children from being considered as living in low income, thus reducing the number of families with children living in low income in 2000 by 5.1 percent (see Table 14). Analysis of the 2000 SLID data also revealed there were an estimated 424,100 families with 836,700 children living in low income in 2000, representing 11.0 percent of all Canadian families with children. If the NCB had not been introduced, an estimated 447,000 families with 891,700 children would have lived in low income in 2000, translating into 11.6 percent of all families with children. This indicates that, in 2000, the NCB reduced the number of families with children living in low income by 22,900 families, from 447,000 to 424,100.

Table 14 – Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2000 to December 2000

SLID 2000 Post-Tax LICOs	One-Parent Families	Two-ParentFamilies	All Families
Decline in Number of Children Living in Low Income	16,100	37,200	55,000
Decline in Number of Families Living in Low Income	8,600	14,300	22,900
Percentage Change in Number of Families Living in Low Income	-4.1%	-6.0%	-5.1%
Decline in Incidence of Low Income Among Families with Children*	-1.2	-0.5	-0.6

* Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 2000.

[25] Chapter 6 reports on low-income trends for all families with children, without restricting the analysis to NCB Supplement recipients. As a result, the number of families with children living in low income in 2000 in Chapter 6 and Chapter 7 differs slightly.

[26] The same limitations of the SLID data as discussed in Chapter 6 apply to this analysis (see section on the SLID Database in Chapter 6). These data limitations could introduce a bias in the estimation of the impact of the NCB on families with children.

In addition to these two groups, an estimated 597,800 families with 1,013,200 children received some benefits from the NCB Supplement in 2000 but they were not considered to be living in low income (see the discussion of the methodology above). These remaining families accounted for 15.5 percent of all Canadian families with children.

The NCB helped all three groups of families to improve their income levels. The contribution of the NCB to disposable incomes of these families with children is described below.

In 2000, the incidence of low income was higher among single-parent families than among two-parent families. In 2000, there were an estimated 200,400 single-parent families with 367,100 children living in low income, representing 28.2 percent of all single-parent families with children. Only 7.1 percent (or an estimated 222,300) of two-parent families with 467,100 children were living in low income in 2000.

The NCB has made a more significant contribution to the decline in the incidence of low income for single-parent families than for two-parent families. Without the NCB, an estimated 209,000 single-parent families with 383,200 children would have lived in low income in 2000, translating into 29.4 percent of all single-parent families with children. This indicates that the incidence of low income among single-parent families declined by 1.2 percentage points in 2000 as a result of the NCB. Among two-parent families, the incidence of low income declined by 0.5 percentage points in 2000. If the NCB had not been introduced, an estimated 236,600 two-parent families with 504,300 children would have lived in low income in 2000, translating into 7.6 percent of all two-parent families with children.

NCB Contribution to Disposable Incomes of Low-Income Families with Children

The NCB income benefits have successfully reduced the incidence of low income among families with children who received the NCB Supplement in 2000 by improving the levels of their disposable income. The 2000 SLID data were used to simulate the average increase in the level of disposable income that families with children saw in 2000 as a direct result of the NCB Supplement. The increases in disposable incomes produced by the income benefits of the NCB were estimated for families with children who remained living in low income in 2000; families with children who were prevented from living in low income in 2000; and all other families with children who received NCB Supplement in 2000 (see Table 15).

In 2000, the estimated 424,100 families with children who remained living in low income during that year had on average after-tax incomes of $17,600. If the NCB had not been introduced, their disposable incomes would have been on average $16,900. As a result, their disposable incomes were on average $700 higher than what they would have been in the absence of the NCB initiative (see column 3 in Table 15). This represented an increase of over four percent in their disposable incomes in 2000.

Consequently, these families required $700 less to reach the low-income line. In aggregate (i.e., considering all these families with children), the NCB reduced the "low-income gap" by $320 million in 2000, representing a decline of almost ten percent (see Table 16).

Families with children who were prevented from living in low-income situations ($22,900) had on average, disposable incomes of $25,600 in 2000. Without the NCB, their disposable incomes would have averaged $23,800. As a result, on average the NCB improved the 2000 level of disposable income of these families by $1,800 (see column 3 in Table 15). This represented an increase of 7.5 percent in their disposable incomes in 2000 as a result of the NCB.

Table 15 – Changes in Disposable Incomes due to the NCB Among Families with Children by Family Type: January 2000 to December 2000			
SLID 2000 Post-Tax LICOs	**One-Parent Families**	**Two-Parent Families**	**All Families**
Remained Living in Low Income in 2000			
Increase in Disposable Income	$500	$900	$700
Percentage Increase in Income	3.1%	4.8%	4.1%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income	$1,250	$2,100	$1,800
Percentage Increase in Income	6.0%	8.3%	7.5%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income	$500	$500	$500
Percentage Increase in Income	1.4%	1.4%	1.4%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

Table 16 – Changes in the Depth of Low Income Among Families Remaining in Low Income, due to the NCB: January 2000 to December 2000			
SLID 2000 Post-Tax LICOs	**One-Parent Families**	**Two-Parent Families**	**All Families**
Decline in Low Income Gap (in millions of dollars)	$100	$220	$320
Percentage Change in the Low-Income Gap	-7.6%	-11.0%	-9.6%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

The remaining 57 percent of families with children who received the NCB Supplement in 2000 also saw increases in the level of their disposable income as a direct result of the NCB. These families had on average disposable incomes of $35,600 in 2000. If the NCB had not been introduced, their incomes would have been $35,100. This indicates that the NCB directly improved the level of disposable income of these families by an average of $500 in that year (see Table 15).

Helping Low-Income Working Families

In addition to preventing and reducing the depth of child poverty, the NCB was also designed to promote parents' attachment to the labour market by ensuring that families are always better off as a result of working. The NCB was designed to encourage families to leave social assistance for work by improving their incomes and maintaining child benefits when they join the labour force. Results of the net impact analysis of the NCB using SLID data show that of 22,900 families with children who were

not living in low income in 2000 as a result of the NCB, the overwhelming majority of these (18,500 or 80.8 percent) were working families with children. The remaining 4,400 were families who received some social assistance benefits in 2000. As a result of the NCB, there were almost eight percent (7.9 percent) fewer working families with children in low income in 2000.

The NCB has also made a significant contribution to improving the level of disposable income of these families. In 2000, the estimated 214,300 low-income *working families who remained living in low income* during that year had on average after-tax incomes of $17,900. If the NCB had not been introduced, their disposable incomes would have been on average $16,700. Thus, their disposable incomes were on average $1,200 higher than what they would have been in the absence of the NCB initiative. This represented a seven percent increase in their disposable incomes in 2000.

As a result of the NCB, these families were $1,200 closer to the "low-income threshold" (the income level above which they would no longer be considered low-income families). The "low-income gap" was reduced for these families by $269 million in 2000, representing a decline of 14 percent.

The 18,500 working families with children who were prevented from living in a low-income situation in 2000 had on average disposable incomes of $26,800 in 2000. Without the NCB, their disposable incomes would have averaged $24,700. Thus, on average the NCB has improved the level of disposable income of these families by $2,100, representing an 8.3 percent increase in their disposable incomes in 2000 as a result of the NCB.

Furthermore, an evaluation of provincial/territorial reinvestment programs showed that the effects of child benefit/earned income supplement programs on child poverty are small relative to the whole NCB initiative. The evaluation found that generally the monthly child benefit/earned income supplement benefits were in the order of $30 per child per month. As a result, it is difficult to attribute substantial reductions in child poverty to these benefits.

II. Promoting Attachment to the Labour Market

The second objective of the NCB initiative is to promote attachment to the labour market by ensuring that families are always better off working. As part of a comprehensive evaluation of the NCB, work was undertaken to examine the extent to which the NCB initiative has encouraged families to leave social assistance for work by improving the incomes of the working poor relative to those on social assistance. Prior to implementation of the NCB, parents leaving social assistance for work often faced the loss of important financial and in-kind benefits for themselves and their children. Through the NCB initiative, child income benefits and in-kind benefits and services have been extended to low-income working families with children.

The evaluation work included a study that examined how the provision of child income benefits under the NCB initiative reduces the size of the "welfare wall",[27] case studies to assess the impact of the reduction in the welfare wall on social assistance dependency among families with children, and an evaluation of the effect of provincial/territorial reinvestment programs in earned income supplements and supplementary health benefits on labour force attachment.

[27] The studies cited in this chapter are part of a comprehensive evaluation of the NCB initiative, forthcoming from Evaluation and Data Development, Human Resources Development Canada.

The term "welfare wall" refers to a set of barriers that families face that can make it less financially attractive to move from social assistance to the labour market due to the loss of income or services. These barriers can be measured in a number of ways, including the change in the level of disposable income a family faces when moving from social assistance to employment; the level of earnings required to be better off working than receiving social assistance; and the effective marginal tax rate on earnings when people leave social assistance.

The Impact of the NCB Supplement on the Welfare Wall

Methodology

This study examined the effect of the NCB Supplement on the size of the welfare wall, using as a proxy the dollar difference in disposable income between those on social assistance and those employed. It estimated the dollar difference in annual disposable incomes between full-time minimum wage employment and social assistance with no earnings for each of the years from 1995 to 2001 and determined the contribution of the NCB Supplement to that difference.

For each of the provincial and territorial jurisdictions participating in the NCB initiative (except Nunavut), the study determined the value of the following sources of disposable income as of August of each year (1995 to 2001) for four family types:[28]

1. Gross earnings from minimum wage employment for 2000 hours per year;
2. Social assistance benefits for basic needs and shelter and any non-discretionary special allowances payable to families deemed employable;
3. The net value of federal and provincial/territorial refundable tax credits, including the WIS, the base benefit under the CTB and its successor, the CCTB, the NCB Supplement, the GST/HST Credit, any provincial/territorial child benefits, earned income supplements and refundable sales or income tax credits;
4. Any payroll taxes on gross earnings;
5. Any federal and provincial income taxes; and
6. The value of any recovery of the NCB Supplement from families on social assistance.

For families on social assistance, disposable income is defined as items 2 and 3 less the value of any recovery of the NCB Supplement (item 6). For working poor families, disposable income is defined as items 1 and 3 less any payroll taxes on gross earnings and federal/provincial income taxes (items 4 and 5).

In order to determine the impact of the NCB Supplement on the change in the difference in disposable income between social assistance and minimum wage employment, it was assumed that the 1997-1997 WIS and social assistance rates would have remained the same, in the absence of the NCB.

The NCB Supplement Contribution to Making Work More Attractive

Table 17 describes the changes in the difference in disposable incomes between 1997 and 2001[29], for four family types included in the analysis. From an income perspective, single-parent families with two or three children faced a decline in disposable income of 8.5 percent and 13 percent, respectively, if they left social assistance for full-time minimum wage employment in 1997. At the same time, single parents with one child experienced a slight gain in

[28] The four types of families are: single-parent families with one, two or three children, and two-parent families with two children.

[29] Although the study covered the period between 1995 and 2001, the results are presented only from 1997 to 2001 in order to more accurately reflect the period just prior to the inception of the NCB.

Table 17 – Average Annual Difference in Disposable Income between Full-time Minimum Wage Employment and Social Assistance, 1997 and 2001

Family Type	1997	Percentage 2001	NCB Points Change	Contribution
Single Parent, 1 child age 4	+3.8%	+12.7%	+ 8.9	55%
Single Parent, 2 children 10&13	- 8.5%	+2.0%	+10.5	72%
Single Parent, 3 children 4,10,13	-13.0%	-0.9%	+12.1	80%
Two Parent, 2 children 10 & 13	***+30.8%***	***+37.9%***	***+ 7.1***	***27%***

* This is the unweighted average for 11 jurisdictions.

\+ indicates disposable income from minimum wage is higher than social assistance income.

\- indicates disposable income from minimum wage is lower than social assistance income.

disposable income, while two-parent, two-earner families were about 30 percent better off working than on social assistance.

By 2001, this picture had changed substantially. Only the single-parent family with three children experienced a slight loss in disposable income when leaving social assistance for work, while the remaining families experienced even larger increases in disposable income from employment.

The percentage change in disposable incomes was greater for single-parent families with two and three children than those with one child. This change was the least for two-parent, two-earner families. There are several reasons for this pattern. Among single-parent families, the disposable income changed more for those with more children because the total value of the NCB Supplement increases with the number of children. However, two-parent, two-earner families had sufficiently high net incomes and therefore, received only a portion of the NCB Supplement and were no longer eligible for most provincial or territorial child benefits and earnings supplements.

Although a number of factors contributed to the percentage change in disposable income between social assistance and full-time minimum wage employment, the replacement of social assistance benefits by the NCB Supplement accounted for a large portion of this change (see last column in Table 17). Other factors which contributed to this change include the decline in social assistance budgets over this time period and changes in taxes and tax credits.

Impact of the NCB Income Benefits on Social Assistance Dependency

Case studies of two jurisdictions assessed the impact of changes in the welfare wall on families' ability to leave social assistance. One case study assessed the impact of changes in the welfare wall on single-parent families' dependency on social assistance in a participating jurisdiction, which used the social assistance offset approach to replace social assistance benefits for children. Using the data from the previous study, it also determined the contribution of the replacement of social assistance benefits by the NCB Supplement to this change. Controlling for the effects of other factors,[30]

[30] The analysis controlled for the following family and economic characteristics: age of parent, number and ages of children, parent's highest level of schooling, whether the parent had taken any employment training prior to their current spell on social assistance, whether they were subject to the program's "work expectations" and the regional unemployment rate. The effect of these characteristics on the duration of spells on and off social assistance was determined through the application of the survival regression analysis method known as the Proportional Hazards Model.

the analysis determined that a $1,200 per year increase in the real value of the minimum wage income over social assistance income resulted in a 20 percent increase in the rate at which single-parent families leave social assistance. It also led to a corresponding 17 percent decline in both the average and median duration of spells on assistance.

In this jurisdiction, the disposable income for a single-parent family with two children from full-time minimum wage employment would have increased between 1997 and 2001 by $508 per year, when compared to the income available from social assistance (at zero earnings). The replacement of social assistance benefits by the NCB Supplement was responsible for $80 of this total increase. In turn, these annual increases led to reductions in the duration of time on social assistance of 4.6 percent, 0.6 percent of which was attributed to the replacement of social assistance benefits by the NCB Supplement. These results demonstrate that measures which reduce the welfare wall lead to shorter spells on social assistance.

The second case study focused on a jurisdiction which replaced the full value of its social assistance benefits for children with an integrated child benefit. As in the first jurisdiction, this change resulted in an improvement in the welfare wall.

To assess the impact of this change, the study looked at the monthly social assistance caseload data for single parents and couples with children from January 1990 to March 2000. This study focused on those social assistance recipients who were most likely to be attracted in the labour market as a result of the NCB.[31]

The study found that the full replacement of social assistance child benefits by the integrated child benefit contributed to significant declines in the caseloads of families with children, compared to those without children. Specifically, it was responsible for a cumulative 14.5 percent decline in the caseload among families with children. Together, these two case studies show that the NCB design feature of replacing social assistance child benefits with the portable NCB Supplement resulted in reduced dependency on social assistance for families with children.

Furthermore, an evaluation of provincial/territorial reinvestment programs showed that by providing supplementary health benefits to families who are in the labour market, the NCB initiative reduced disincentives to enter the labour market for these parents. Further evaluation of the NCB reinvestment programs was precluded by the lack of provincial/territorial data on some program operations (e.g., take-up rates and client satisfaction). In addition, it was not possible to determine the effects of these reinvestment initiatives on the NCB objectives.

III. Reducing Overlap and Duplication

The NCB is also furthering its third goal to reduce overlap and duplication. In terms of administrative objectives, a number of structural improvements in the way child benefits are delivered were introduced as a result of the NCB initiative. The NCB initiative has brought about greater integration of child benefits. In many jurisdictions, the NCB Supplement is combined with provincial/territorial child benefits in a single integrated payment. Evidence from an evaluation of provincial/territorial reinvestment programs shows that the delivery of child income programs by Canada Customs and Revenue Agency (CCRA) on behalf of provinces and territories addresses the diverse delivery needs of provincial and territorial child benefit and earned income supplement programs.

[31] Those cases where zero welfare benefits were received, those who were listed as disabled, those who moved out of the province, or those who were listed as unemployable or fully employed were excluded from the analysis.

Furthermore, NCB child benefits are based on net family income, and are administered in a relatively simple, non-intrusive, and non-stigmatizing manner. As a result, a coordinated effort of federal, provincial and territorial governments and First Nations around common goals has resulted in a real improvement in the way child benefits and services are provided to low-income families.

A report by the Organization for Economic Co-operation and Development, *The Economic Survey of Canada, 2001*, refers to the NCB initiative as a noteworthy achievement in improving efficiency and coordination among federal/provincial/territorial programs.[32] Another report, *Provincial and Territorial Reinvestment Initiatives Case Studies* from Applied Research Consultants, indicates that the NCB initiative is a cost-effective model of program delivery. It notes that CCRA has responded well to the diverse program delivery needs of provincial and territorial child benefits and earned income supplement programs established under the NCB.[33] This further supports the conclusion that the NCB is meeting its objective of reducing overlap and duplication.

The NCB initiative has also accomplished important policy objectives. The flexibility of the NCB agreement has allowed provincial, territorial and First Nations governments to respond to the local needs of low-income families with children.

The federal investment in the NCB Supplement, along with reinvestment funds made available through provincial savings on social assistance, have made it possible to extend child benefits to all low-income families with children in participating jurisdictions. The NCB Supplement helps families break the cycle of poverty. Unlike social assistance, the NCB does not require families to divest themselves of other resources before receiving benefits. The evaluation of provincial/territorial reinvestment programs found that reinvestment funds made available through the NCB have created new opportunities for provincial/territorial policy development and social programming.

The NCB has provided the federal, provincial and territorial governments with an opportunity to take a coordinated approach to the delivery of child benefits. Joint work by federal, provincial and territorial partners on the design of NCB benefits, including the sharing of data, has led to better program design.

The NCB initiative is gaining international recognition. For example, the United Kingdom's Revenue and Treasury officials looked closely at the design of the Canadian child tax benefit system in developing its own integrated child tax benefit system to address child poverty in the UK.[34]

Summary

The evidence presented in this chapter suggests that the NCB is having a positive impact on families with children and is making progress in achieving its goals.

The NCB evaluation work reviewed in this chapter illustrates how the NCB initiative has been effective in reducing the depth and incidence of low income among children in Canada. Its impact on child poverty can be expected to increase with further investments in the NCB Supplement.

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32 Organization for Economic Co-operation and Development, "Policy Brief: Economic Survey of Canada, 2001" *OECD Observer* (September 2001).

33 This study is part of a comprehensive evaluation of the NCB initiative, forthcoming from Evaluation and Data Development, Human Resources Development Canada.

34 HM Treasury, "The Child and Working Tax Credits: The Modernisation of Britain's Tax and Benefit System" (2002). UK Institute for Fiscal Studies, "Eradicating Child Poverty in Britain: Welfare Reform and Children Since 1997" (2001).

Progress is also being made on the second goal of the NCB – promoting attachment to the labour force. Evaluation of the NCB to date indicates that it has improved the difference in income between minimum wage employment and social assistance. As a result, the NCB has helped to make work financially more attractive for both single- and two-parent families in most participating jurisdictions. In turn, the relative improvement in the disposable income of working poor families following the introduction of NCB initiative appears to have resulted in a decline in families' dependency on social assistance in two participating jurisdictions.

Finally, there is evidence that the NCB initiative is furthering its third goal of reducing overlap and duplication through the structural changes and coordination brought to the federal/provincial/territorial child benefit system.

Taken together, these results demonstrate a significant achievement for federal, provincial and territorial governments working toward common goals under this shared initiative.

8. The Way Ahead

The NCB initiative has established the key components of an integrated child benefit system. This system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial, territorial levels and by First Nations.

Since 1997, the Government of Canada has increased the level of benefits paid to low-income families in July of each year. The 2000 federal Budget took steps to both enhance this platform and ensure its sustainability through a third significant investment in the NCB and restoring full indexation to the personal income tax system. In 2001-2002, this brought the total investment in the CCTB system to $7.6 billion, including an investment of $2.5 billion in the NCB Supplement.

Continued Federal Support in the 2003 Budget

The 2003 federal Budget demonstrated again the Government of Canada's commitment to help low-income families with children break the cycle of poverty while assisting parents to enter the workforce. In addition to the current $2.5 billion invested annually in the NCB Supplement, the 2003 Budget announced a significant long-term investment plan that is projected to enrich the NCB Supplement by $965 million annually by 2007-2008. This investment is projected to bring annual federal support to Canadian families with children delivered through the CCTB system to over $10 billion per year by 2007-2008. These measures, along with a strong economy, are expected to contribute to additional reductions in the incidence of low income among families with children in years to come.

As illustrated in Table 18, enhancements to the NCB Supplement proposed in the 2003 Budget will increase the amount of total federal child benefits for which low-income families are eligible for by more than 100 percent by 2007-2008 for all family types since 1996-1997, before the NCB was introduced.

Table 18 – Maximum Levels of Federal Child Benefits for 1996-1997 and 2007-2008 Program Years (July to June) in current dollars

Number of Children	1996-1997 Maximum CTB+WIS	2007-2008 Maximum Base Benefit + NCB Supplement*	Percentage Increase from 1996-1997 to 2007-2008*
1	$1,520	$3,243	113%
2	$2,540	$6,259	146%
3	$3,635	$9,279	155%
4	$4,730	$12,299	160%

* Projection based on the 2003 federal Budget.

Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and is projected to be $252 per child in 2007-2008.

A Collaborative Effort

The benefits and services provided by provinces, territories and First Nations under the NCB initiative are equally important components of this system. These investments have been expanded since the NCB was established and have benefited from jurisdictions' shared knowledge and experiences. Federal, provincial and territorial cooperation has been key to the success of the NCB initiative.

Through NCB reinvestments in approximately 600 First Nations communities across the country, the Government of Canada continues to work in partnership with First Nations, based on the principle of mutual respect to realize the shared goal of improving the quality of life for Aboriginal peoples, especially children. Looking ahead, Indian and Northern Affairs Canada will continue to work with other federal departments, jurisdictions and First Nations to develop and implementing an action plan informed by recent evaluations.

All jurisdictions participating in the NCB initiative remain committed to work toward improving the situation of families in Canada, and inform Canadians about progress made. As the NCB initiative moves forward, more results and impacts will become available. These will be the focus of future Progress Reports, demonstrating the commitment of governments to report to the public on NCB results.

Appendix 1
Glossary of Terms

CCTB, or Canada Child Tax Benefit, is a federal income support program for Canadian families with children that is delivered through the income tax system. The CCTB includes two components: a base benefit for low- and middle-income families, which provides federal income support to over 82 percent of Canadian families with children, and the NCB Supplement, which provides additional support to low-income families to 40 percent of Canadian families.

Depth of low income is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

Disposable income is the income that a family has left after it has paid personal income taxes and other payroll deductions, such as Canada Pension Plan contributions and Employment Insurance premiums.

Earnings supplements are payments from governments to families that top up work-related earnings. Earnings supplement programs are often targeted to low-income working families, and they pay different amounts, based on the number of children in a family.

Incidence of low income is the proportion of families with children with annual income falling below a pre-determined line, such as Statistics Canada's LICOs, or the LIM.

Indicators in the context of this report are statistics that show how well Canadian families are faring. **Societal Level Indicators** measure areas such as low income and labour force attachment and do not assume that any changes are necessarily caused by the NCB. Direct **Outcome Indicators**, on the other hand, measure only those changes that are directly caused by the NCB.

The **Market Basket Measure (MBM)** is an additional research tool for governments and other interested Canadians to use in analyzing low income. The MBM provides a new perspective on low income as it is based on a specific transparent basket of goods and services. The MBM identifies disposable income levels that are required to purchase this basket of goods and services in various communities across Canada. Compared with Statistics Canada's Low Income Cut-Offs (LICOs) and Low Income Measure (LIM), the MBM is a more precise reflection of differing living costs by geographic location.

National Child Benefit (NCB) initiative is a joint federal, provincial and territorial government initiative designed to support low-income families with children. It includes increased federal income support plus provincial, territorial and First Nations reinvestments and additional investments in programs and services. The NCB began in July 1998.

NCB Reinvestment funds comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries. Most provinces and territories reduce social assistance or child benefits by the same amount of the NCB Supplement increase in order to provide funding for new or enhanced programs. Provincial, territorial and First Nations reinvestments provide flexibility to target savings in programs, benefits and/or services to meet local needs and priorities (see Appendix 2 for further details).

NCB Investment funds comprise additional funds that some jurisdictions devote to the NCB, over and above the reinvestment funds. Additional investments for First Nations are provided by Indian and Northern Affairs Canada (see Appendix 2 for further details).

NCB Supplement is the federal contribution to the NCB - a monthly payment targeted to low-income families to help with the cost of raising children. It is a component of the CCTB.

SLID, or the Survey of Labour and Income Dynamics, is a longitudinal labour market and income survey to study changes over time in Canadians' labour force status and economic well being.

Social Assistance, or SA, is a needs-tested, last resort system of income support administered by provincial and territorial governments; it is commonly known as welfare.

The **Welfare Wall** consists of barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income or services.

Working Income Supplement, or WIS, was a federal program that preceded the NCB, providing income support to supplement the earnings of low-income working families. The WIS was replaced in July 1998 by the NCB Supplement. Some provinces and territories have reinvested NCB funds in their own versions of an earned income supplement.

Appendix 2 Provincial, Territorial and First Nations NCB Reinvestments and Investments

This appendix provides information on the National Child Benefit (NCB) reinvestments and investments that jurisdictions[35] have undertaken. Some of these reinvestments and investments are new programs or services, while others are enhancements to existing programs. This appendix includes descriptions, actual expenditure data for 2000-2001 and estimated expenditures for 2001-2002 and 2002-2003.

NCB reinvestments and investments are based on two sources of funds: reinvestment funds and investment funds. Reinvestment funds result from increases to the federal NCB Supplement that free up provincial and territorial funds previously used to fund social assistance payments. Some jurisdictions make adjustments to their social assistance payments based on the NCB Supplement. Other jurisdictions have restructured social assistance to implement income-tested child benefits delivered outside of welfare and make no adjustment to child benefits when the NCB Supplement increases. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual basis. Investments funds are additional funds that some jurisdictions have chosen to devote to the NCB, over and above the reinvestment amounts. The data presented in this appendix represents the total of reinvestment and, where applicable, investment funds.

Sources of Reinvestment Funds

There are two sources of reinvestment funds[36]:

a) Social assistance/child benefit adjustments; and

b) Children's Special Allowance adjustments.

a) Social Assistance/Child Benefit Adjustments

Adjustments have been made in several ways:

- The NCB Supplement may be treated as income, thereby reducing the amount of social assistance payable to a family. This occurs in Prince Edward Island, Ontario, Yukon, the Northwest Territories and Nunavut and for a portion of families on social assistance in Manitoba.
- Social assistance rates may be reduced by the amount of the NCB Supplement. This occurs in Alberta.
- Provinces that provide children's benefits outside of the social assistance system and have integrated their child benefit with the federal child benefit may reduce the provincial portion of the benefit by the amount of the NCB Supplement. This occurs in Saskatchewan and British Columbia.[37]

35 This appendix does not include information on Quebec, which chose not to participate in the NCB initiative, but has acted on its own in a comparable way. Residents of Quebec still receive the increased NCB Supplement to the Canada Child Tax Benefit.

36 Between July 1998 and June 1999, a third source of reinvestment funds was Transitional Assistance. It ensured that no families that previously received the Working Income Supplement would experience a reduction in the overall benefits they received as a result of the introduction of the NCB Supplement.

37 Effective July 2002, British Columbia has passed on the amount of the increase attributable to indexation.

- Newfoundland and Labrador and Nova Scotia have restructured their respective income support programs to provide children's benefits through a separate, income-tested child benefit. For these jurisdictions, "reinvestment funds" represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual, ongoing basis. These reinvestment funds are used to finance NCB programs and services, including the establishment of the Newfoundland and Labrador Child Benefit and the enhancement of the Nova Scotia Child Benefit.

Several jurisdictions have chosen to pass on part or all of NCB Supplement increases to families receiving social assistance, without adjusting social assistance benefits. In 1998-1999, Newfoundland and Labrador chose not to reduce social assistance payments by the full amount of the NCB Supplement. New Brunswick passed on the full amount of the NCB Supplement, and has continued to pass on any increases. Newfoundland and Labrador redesigned its income support program in 1999-2000, with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000-2001 and 2001-20002, Newfoundland and Labrador and Manitoba did not recover the NCB Supplement increase from families receiving social assistance. In July 2001, Manitoba stopped recovering the NCB Supplement for children six or under. In January 2003, Manitoba stopped recovering the NCB Supplement for children eleven and under. Effective January 2004, Manitoba will stop the recovery for all children on social assistance. Nova Scotia restructured social assistance in 2001 and paid children's benefits via the Nova Scotia Child Benefit. In July 2002, the NCB Supplement was passed on in full to all clients in Nova Scotia.

b) Children's Special Allowance Adjustments

The Children's Special Allowance is paid on behalf of children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit (CCTB) payments, including the NCB Supplement. Jurisdictions have the option of passing on the increased NCB Supplement amount to child welfare authorities for child maintenance costs, or recovering the increase. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have chosen to recover the increased amount, and it is considered to be available for NCB reinvestments.

Newfoundland and Labrador

There was no adjustment to Income Support benefits in 1998-1999. The full amount of the NCB Supplement was passed on to all low-income families regardless of their source(s) of income. In addition, all programs funded under the NCB in 1998-1999 were investments by the province.

In 1999, the Income Support Program was redesigned. This resulted in reduced Income Support benefits going to families. However, the reduction was offset by the 1999 increase in the NCB Supplement and the introduction of the Newfoundland and Labrador Child Benefit (NLCB), which all families with children in receipt of Income Support receive in total.

Newfoundland and Labrador's reinvestments and investments include:

- **Newfoundland and Labrador Child Benefit** (Reinvestment) – This is a provincial child benefit that goes to all low-income families with children in Newfoundland and Labrador. The NLCB is administered by Canada Customs and Revenue Agency (CCRA) on behalf of the province and included in the CCTB cheque that goes to all low-income families. In 2000-2001 and 2001-2002, the income threshold for eligibility was increased as a means to make more families eligible for this child benefit. The cost of increasing the income threshold was offset by slippage in the program expenditures due to fewer families becoming eligible for this benefit as a result of an improved economy.

- **Mother Baby Nutrition Supplement** (Reinvestment) – In December 2001, an additional benefit was added to the NLCB in the form of a nutritional supplement for children under 1 year of age living in families eligible for at least $1 of NLCB. This benefit is funded through redirecting funds from the Income Support Program into the Newfoundland and Labrador Child Benefit.

Note: The pre-natal portion which was in the Income Support Program was also removed and is now delivered as an income-tested benefit outside the Income Support Program. Funding for this initiative is provided through the removal of funds from the Income Support Program and through Early Childhood Development Funding.

- **Unlicensed Child Care** (Investment) – This initiative increases financial support to families with dependent children who require child care in order to seek and retain employment, but for various reasons, cannot access licensed child care. This service increases benefits to families receiving Income Support and ensures families are not worse off as a result of going to work. This initiative came into effect October 1, 1998.

- **Family Child Care Agencies** (Investment) – Refers to community-based, nonprofit organizations that monitor and provide support to private care providers in family settings. The agency may receive operational funding from the Department of Health and Community Services and is licensed to monitor homes by the respective regional Health and Community Services board. In Newfoundland and Labrador, two family child care agencies are funded through the NCB.

- **Child Care Subsidy** (Investment) – NCB funding builds on the base provincial allocation for the child care subsidy program. The program is income-tested and available to families in receipt of income support and to low-income families (below annual income of $24,000). NCB funding has allowed a change in the subsidy rate and funding to support two new service provisions – family child care and infant care. Funding also supports transportation.

- **Funding to Centres** (Investment) – NCB funding supports many new changes to the child care system in the province. In particular, funding is

Table 19 – Newfoundland & Labrador's NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
Newfoundland and Labrador Child Benefit (NLCB)*	8,100	7,500	8,400
Child/Day Care			
Unlicensed Child Care	600	600	600
Family Child Care Agencies	237	245	650
Child Care Subsidy Program	1,887	1,848	2,350
Funding to Centres	255	345	250
School-based Infant Care	49	57	75
Early Childhood Education Certification	73	131	100
Child Care Consultants	300	300	300
Supplementary Health Benefits			
Extended Drug Card Program	407	780	1,000
Early Childhood/Children-at-Risk Services			
Family Resource Programs	1,200	1,162	1,250
Post-Secondary Education and Training	161	134	134
Community Youth Networks	1,817	1,817	1,817
Residential/Mental Health	964	983	964
Intervention Program Supports**	275	447	775
Child/Youth/Family Services**	175	687	387
Other			
Administration	169	159	169
Funding for Project Development	0	35	0
TOTAL	**16,669**	**17,230**	**19,221**

* Mother Baby Nutrition Supplement was added to the NLCB in December 2001. Funding for this initiative is provided through redirecting funds from the Income Support Program into the Newfoundland and Labrador Child Benefit.

**These programs were formerly reported in 2000-2001 as "Child Care Program Support".

Note: Totals may not add due to rounding.

available to licensed centres to both upgrade and meet new regulations and to purchase new equipment for children on an annual basis. Both of these components assist in supporting quality care for young children and their families.

- **School-based Infant Care** (Investment) – This refers to group infant child care for students in high schools who require on-site care and increased support to continue their high school education. This initiative combines access to quality child care and direct supportive assistance to the high school parent(s). During the school day, the young parents are encouraged to spend breaks and free time in the centre for purposes of interacting with their baby and to gain insights and support on parenting skills. Transportation to and from the school for babies and parents is provided through other means. There are approximately 10 babies and 10 parents supported each year through this initiative.

- **Early Childhood Educator Certification** (Investment) – This component supports two ongoing initiatives: (1) distance education for persons employed in licensed child care facilities which require either Level I or Level II Early Childhood Education courses to meet legislation standards; and (2) the Registrar of Certification Office for Early Childhood Educators, which maintains a system of registration and provides orientation courses for Early Childhood Educators. Both of these initiatives are intended to support the provision of quality child care for families who require licensed care for their children.

- **Child Care Consultants** (Investment) – On an annual basis, NCB funding supports six Child Care Consultant positions in the province. These positions are located across the province within Health and Community Services Regional board structures. These positions add to the licensing and child care expertise available in the province.

- **Extended Drug Card** (Investment) – This initiative extends non-insured health care benefits to recipients of income support families for six months after they leave income support for employment. This initiative helps former recipients make the transition from dependence on income support to employment. Approximately 600 families benefit from the Extended Drug Card each month.

- **Family Resource Programs** (Investment) – These community-based programs are designed to provide a range of drop-in support services and learning activities for young children and their families. Objectives of the initiative are to improve child development outcomes, support adults in their respective care-giving roles, and increase community involvement in the support available for young children and families. The target group is primarily children up six years of age (and up to 12 where needed), pregnant women, parents, family members and other care-givers. Funding supports eight projects in the province (six of eight of these projects have three or more service sites).

- **Post-Secondary Education** (Investment) – This refers to the provision of funding to support young persons in care who require assistance to attend post-secondary education programs. Funding covers education and living expenses to attend programs. This support is considered essential for young persons who may experience barriers to accessing post-secondary education and obtaining suitable employment.

- **Community Youth Network** (Investment) – The Community Youth Network provides community-based facilities for young persons aged 12 to 18 years. There are nine hub sites with an additional 10 satellites throughout the province, all with the capacity to serve several other communities within their respective catchment areas. This initiative

aims to provide services and support along four business lines: learning, employment, community building and services. Services and support are provided in youth-friendly settings that combine many positive strategies to encourage youth participation and learning. Programs which involve intensive one-on-one support and skill development, group social, academic, recreational, and leadership approaches are used to enhance the lines of business. The projects are run by community coalitions (including youth participation), a design intended to build partnerships and support young people, especially youth who require increased assistance to achieve success in life.

- **Residential/Mental Health Services** (Investment) – This refers to combined funding available to Health and Community Services Regions to support youth aged 12 to 18 years. At the regional board level, the funding is dedicated to residential and mental health services to support youth at risk and to implement preventive, community-based solutions for supporting young people.
- **Intervention Program Supports** (Investment) – Intervention program supports encompass two initiatives: support for implementation of home-based intensive intervention services to children under age six diagnosed with Autism Spectrum Disorder, and increased support for families of children with disabilities who require increased support in the home. These combined activities are designed to support families who have children with challenging needs and require additional support to improve both child and family outcomes.
- **Child, Youth & Family Services** (Investment) – Programs and services designed to support the safety, health and well-being of children, youth and families. They include support services for families, protection intervention (including children in care), youth services and adoptions.
- **Project Administration** (Investment) – This is funding reserved to support overall administration of the NCB initiative under the responsibility of the Department of Health and Community Services.

Prince Edward Island

In Prince Edward Island the NCB has a dual focus: to support parents to join and remain in the workforce and to enhance early childhood services. Prince Edward Island has put in place a number of reinvestment benefits that serve both purposes.

The benefits received under the NCB are considered income under the social assistance program. These benefits are deducted dollar for dollar from social assistance benefits.

Effective August 2001 and August 2002, the PEI Healthy Child Allowance was increased by an amount equal to the NCB increase.

Prince Edward Island reinvestments and investments include:

- **PEI Child Care Benefit** – An enhancement to the Child Care Subsidy Program. This benefit has provided increased access and financial support for licensed child care for up to 1,100 Island children.
- **PEI Family Health Benefit** – This program helps lower-income families with the cost of prescription drugs. Approximately 1,200 individuals are enrolled for coverage in this program.

Table 20 – Prince Edward Island's NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child/Day Care			
PEI Child Care Benefit	900	700	700
Supplementary Health Benefits			
PEI Family Health Benefit	60	170	220
Early Childhood/Children-at-Risk Services			
Early Childhood Interventions	352	0	0
Speech Therapy Innovation*	0	0	75
Autism Integration Project*	0	0	125
Looking After Children	50	50	50
Children-in-Care Initiatives	88	150	150
Children's Mental Health	50	250	250
Healthy Child Allowance	0	970	915
Other			
Employment Enhancement/Job Creation	200	200	200
Literacy/Adult Basic Education	100	100	100
TOTAL	**1,800**	**2,590**	**2,785**

* In 2000-2001, these programs were part of the Early Childhood Interventions.

Note: Totals may not add due to rounding.

- **Speech Therapy Innovation** – This program is part of the Healthy Child Development Strategy, implemented across Prince Edward Island, which recognizes the importance of early intervention in the development of children. In 2002-2003 it is estimated that speech therapy to pre-school children will benefit approximately 300 children.
- **Autism Integration Project** – This program is also part of the Healthy Child Development Strategy. In 2002-2003 it is estimated that the pre-school intervention to children with autism will benefit approximately 50 children.
- **Looking After Children** – NCB funds have been key to implementing this project for delivery of services to children in care. The project has included the development of research-based policies, training for care providers, materials, and review processes. In 2001-2002, advances in programming will benefit the more than 600 children who are in care at any given time.
- **Other Children in Care Initiatives** – NCB funds have also been used to support the delivery of children in care services to more than 200 children in PEI.
- **Children's Mental Health** – This was a new service in 2000-2001. The NCB has provided the funding necessary to establish a new multidisciplinary children's mental health clinical team. This team provides an improved response to Island families who have children with complex mental health problems. Approximately 500 children per year will receive assistance.
- **Healthy Child Allowance** – A social assistance benefit payable to families with children under the age of 18 to provide for participation in sport, recreation and/or cultural activities. It is estimated that 2,500 children will benefit from this allowance. Effective July 2002, the benefit amount was increased to $41 per month (from $38 per month).
- **Employment Enhancement and Job Creation Programs** – NCB funds have been used to help increase activity under these programs. The NCB contribution has enabled approximately 150 parents on social assistance in 2001-2002 to upgrade their job skills and obtain employment.
- **Literacy/Adult Basic Education Program** – One of the stepping stones to independence is literacy. This program, delivered by the PEI Institute of Adult and Community Education, has helped make adult literacy education available at the community level. NCB funds annually help up to 100 parents on social assistance to take advantage of this program.

Nova Scotia

Consistent with this joint initiative of the federal, provincial and territorial governments, the government of Nova Scotia has taken significant steps to help improve the situation for low-income families with children.

There are two components to the NCB initiative in Nova Scotia:

1. The Nova Scotia Child Benefit provides low-income families with monthly payments to assist them with the cost of raising children under 18 years of age.
2. The Healthy Child Development Initiative provides funding for early childhood services, including child care and programs for children at risk.

Both of these programs meet the objective of the NCB.

During 2001-2002, Nova Scotia estimated that a total of $29.5 million was spent on NCB programs.

Nova Scotia Child Benefit

- In August 2001, the government of Nova Scotia introduced its new *Employment Support and Income Assistance Act*. As part of the Act, the government removed the children's allowance from the income assistance system and substantially increased the Nova Scotia Child Benefit. The increased Nova Scotia Child Benefit was fully integrated with the CCTB to establish a single, non-taxable, monthly payment for all low-income families.
- As a result of this change, many low-income families – whether they were working or receiving income assistance – saw an increase in the total amount of child benefit they received. This was the case for single-parent families, two-parent families and those with special needs. But this was only one way in which the change has made a difference in preventing and reducing the depth of child poverty.
- Providing child benefits outside the income assistance system has also made it easier and more financially viable for parents who are receiving income assistance to return to work. This is due to a number of factors, including an increase in net income for working parents, the continuation of child benefits outside of the

Table 21 – Nova Scotia's NCB Reinvestments and Investments

	2000-2001 Expenditures* ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
Nova Scotia Child Benefit	19,398	26,698	28,400
Child/Day Care			
Child Care	1,478	1,537	1,537
Early Childhood/Children-at-Risk Services			
Early Intervention Programs	515	675	675
Community-Based Prevention Programs	287	564	352
TOTAL	**21,678**	**29,474**	**30,964**
Unspent Reinvestment Funds	**450**		

* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

Note: Totals may not add due to rounding.

income assistance system and enhanced employment supports such as assistance with transportation, child care and employment-related expenses. Extended drug coverage for up to 12 months is also provided to clients entering the workforce.

- The Nova Scotia Child Benefit, the NCB Supplement and the base benefit of the CCTB are all delivered by Canada Customs and Revenue Agency. Together they provide an estimated $97 million in direct support of 60,000 children in Nova Scotia each year.

Healthy Child Development Initiative

- From 1998 to 2001, the Nova Scotia government directed a small portion of the recoveries from the NCB to the Healthy Child Development Initiative. The purpose of this initiative is to give children a better start in life and to build a better future for children and society. Since the introduction of the new *Employment Support and Income Assistance Act* in August 2001, the province provides this funding directly and all federal benefits flow directly through to families.
- The establishment of the Healthy Child Development Initiative was an important step in achieving the objectives of the NCB. It allowed the government to expand and strengthen programs and services for children, including child care and early intervention and prevention for children at risk.

Child Care

- In 1998, the Healthy Child Development Initiative Steering Committee began consultations with community stakeholders. As a result of these consultations, Nova Scotia expanded its Child Care by increasing the number of subsidized child care spaces and providing for portable child care spaces across the province for children with special needs.
- Since 1998, 280 new subsidized child care spaces have been funded, including 30 spaces for children with special needs. Providing subsidies to offset the cost of licensed child care supports parents who require child care in order to work or attend school.

Early Intervention Programs

- The Province of Nova Scotia has enhanced early intervention programs to provide services for pre-school children with special needs. The government has provided additional operating grants to existing centres and has initiated new programs to ensure that all families with children with special needs have access to this service throughout the province.
- Early interventionists work directly with children and their families in both their homes and other natural environments to ensure that developmental progress is made in inclusive settings. The goal of early intervention is to help pre-school aged children with developmental disabilities reach their potential. The government provides grants to support a total of 16 early intervention programs for children throughout the province and assists community groups in starting early intervention programs in their local areas.

Community-Based Prevention Programs

- The Province of Nova Scotia provides grants to enhance and build upon existing parent and family support programs in the community. These community-based prevention programs are specifically designed to support low-income families throughout the province.

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New Brunswick

In 1998-1999, New Brunswick passed on the full value of the federal NCB Supplement to families on social assistance, and has continued to pass on all subsequent increases. In August of 1998, the province made investments under the NCB initiative through increased funding for child care and the creation of the Alternative Child Care Program. New Brunswick has consistently maintained or increased the level of funding for each of its initiatives since the creation of the NCB in 1998.

New Brunswick's reinvestments and investments include:

- **Day Care Assistance Program** – This program makes available an increased number of subsidized day care spaces.
- **Alternative Child Care Assistance** – Financial assistance may also be available to low-income parents or guardians who are in school or are working and do not have access to licensed day care.
- **Provincial Breastfeeding Strategy** – This strategy assists in the promotion, protection and support of breastfeeding.
- **Healthy Minds Nutritional Partnership** – The pilot program (Healthy Minds Breakfast Pilot Program) addressed the nutritional needs of elementary school students by providing basic breakfast items. Approximately 2,150 children benefited from the pilot in 1999-2000. The program was significantly expanded in 2000-2001, and was renamed the Healthy Minds Nutritional Partnership. The program benefited as many as 6,900 students across the province in 2001-2002.
- **Youth Addictions** – Enhanced funding provided increased education, prevention and chemical dependency treatment for approximately 1,665 children and youth aged 12 to 19 in 2001-2002.
- **Positive Learning Environment** – New funding was provided to address the unmet needs of children by identifying best practices for discipline in the school system when a positive environment alone is not enough. It includes setting limits for behaviour and identifying the responsibilities of all partners in the school system.

Table 22 – New Brunswick's NCB Investments

	2000-2001 Expenditures* ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child/Day Care			
Day Care Assistance Program	1,554	1,233	2,568
Alternative Child Care Assistance	580	738	700
Early Childhood/Children-at-Risk Services			
Provincial Breastfeeding Strategy	40	40	40
Healthy Minds Nutritional Partnership	607	880	976
Youth Addictions	1,100	1,262	1,405
Positive Learning Environment	3,000	3,000	3,000
TOTAL	**6,881**	**7,153**	**8,689**

* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001*, as figures reported in last year's report were budgeted estimates and not actual expenditures.

Note: Figures exclude funds that were invested in these program areas prior to the introduction of the NCB in 1998. Total expenditures for these programs in 2000-2001 was $11,708,000, in 2001-2002 total expenditures were $11,980,199, and are estimated to reach $13,515,500 in 2002-2003.

Totals may not add due to rounding.

Ontario

Ontario adjusts social assistance payments by the amount of recipients' NCB Supplement through an income charge, i.e., the actual NCB Supplement amount the client receives is charged as income against the social assistance allowance.

The Children's Special Allowance has been passed through to child welfare agencies and does not form part of the provincial and municipal funds available for reinvestment.

In Ontario, the provincial government and municipalities have made significant investments in NCB initiatives. Since social assistance is cost-shared between the province and municipalities, each has a role to play in Ontario's reinvestment strategy.

Total NCB reinvestment funds for 2002-2003 are estimated at approximately $202.1 million. The provincial share of these funds is estimated at $161.7 million and the municipal share is estimated at $40.4 million. When these reinvestments are combined with Ontario's additional investments of $55.3 million in the Ontario Child Care Supplement for Working Families (OCCS), Ontario's overall NCB-related investments are estimated at $257.4 million.

The main provincial reinvestment program for 2002-2003 will be the OCCS. Each year, over $200 million is spent on the OCCS, funded from the NCB and additional provincial investments, including $40 million carried forward from the former Ontario Child Care Tax Credit.

In 2002-2003, the province is also investing $42 million in programs aimed at helping vulnerable children and their families through the 4 Point Plan for Children's Mental Health and Children's Treatment Centres.

Table 23 – Ontario's NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child/Day Care			
Ontario Child Care Supplement for Working Families[1]	158,772	140,869	175,000
Early Childhood/Children-at-Risk Services			
4 Point Plan on Children's Mental Health	15,000	20,000	20,000
Children's Treatment Centres	0	20,000	22,000
Other			
Municipal Reinvestments	33,335	38,317	40,422
TOTAL	**207,106**	**219,186**	**257,422**

[1] Figures for 2002-2003 consist of NCB reinvestments of $119.7 million and additional Ontario investments of $55.3 million. Figures exclude an additional $40 million previously committed to the former Ontario Child Care Tax Credit.

Amounts as of September 13, 2002. Actual expenditures may be adjusted for up to 18 months beyond the end of the fiscal year due to accounting under the Ontario Child Care Supplement for Working Families. Families are eligible for benefits for an 18-month period beyond the end of a fiscal year or for a period of 18 months from the time of a tax reassessment.

Note: Totals may not add due to rounding.

Ontario's initiatives include:

- **Ontario Child Care Supplement for Working Families (OCCS)** – This program, created in 1998, provides low- to moderate- income working families with a benefit for each child under age seven. Families are eligible for the OCCS if they have employment earnings exceeding $5,000 for the year, regardless of whether they have child care expenses. It is also available to families where parents are attending school or training programs and have qualifying child care expenses. The benefit is reduced by eight percent of family income in excess of $20,000.

  In 2000-2001, Ontario introduced an additional benefit for single parents providing qualifying families with a maximum annual benefit of $1,310 for each child under the age of seven. Funding for the single-parent supplement represents an additional provincial investment in low-income children.

  In 2002-2003, the OCCS provides support to more than 222,000 families with 367,000 children.

- **4 Point Plan for Children's Mental Health** – The province is providing $20 million in 2002-2003 to address critical service areas in children's mental health. The plan supports intensive child and family services, mobile crisis services, telepsychiatry, and common intake and assessment tools.

- **Children's Treatment Centres** – The province has allocated $22 million in 2002-2003 to support the development of innovative approaches to assisting children with special needs.

- **Municipal Reinvestment Strategies** – Ontario municipalities implement their own initiatives as part of Ontario's overall reinvestment strategy. These strategies, designed to meet local needs and priorities, include initiatives such as early intervention, child care, employment supports and prevention programs. The latest Ontario municipal report is available online at www.cfcs.gov.on.ca.

  For additional information on the Ontario Child Care Supplement for Working Families, visit www.trd.fin.gov.on.ca.

  For further information about the programs for children and families provided by the Ministry of Community, Family and Children's Services, visit www.cfcs.gov.on.ca.

Manitoba[38]

Manitoba has continued to build upon programs and services which help reduce and prevent child and family poverty, promote labour market attachment and foster early childhood development.

Manitoba's reinvestments and investments include:

- **Child Day Care** – Since April 2000, child care funding in Manitoba has increased by 32 percent, improving salaries for early childhood educators and providing additional subsidies for children. Increased funding has also been provided to integrate more children with disabilities into the child care system, and to expand the number of licensed child care spaces.
- **Children's Special Services** – Community-based services are provided to an increased number of families who care for children with a mental and/or physical disability in their own homes.
- **Healthy Baby** – The Manitoba Prenatal Benefit assists income-eligible pregnant women to meet their extra nutritional needs during pregnancy. Pregnant women and new mothers also have access to expanded community support programs.
- **Healthy Adolescent Development** – These programs offer strategies and interventions that reduce the risk factors for young people, including reducing the likelihood that they will become teen parents.
- **Baby First** – Baby First provides a three-year home visiting program for newborns and their families based on universal screening and is delivered through the community health system.
- **Early Start** – Early Start enhances children's readiness to learn prior to school entry. Early Start provides a three-year home visiting program for families with children who have special social needs and are currently attending licensed child care.
- **Parent-Child Centred Approach** – This approach brings resources together through community coalitions across the province which support parenting, improve children's nutrition and literacy and build capacity for helping families in their own communities. Each parent-child centred coalition determines the unique form that activities will take based on the needs of the community.
- **STOP FAS** – STOP FAS is a three-year mentoring program for women at risk of having a child with fetal alcohol syndrome or fetal alcohol effects (FAS/FAE). Following from the success of two Winnipeg sites, STOP FAS was expanded to Thompson and The Pas in northern Manitoba.
- **Special Needs Programs for Children in Schools** – These programs provide funding for the development and operation of school-based interventions for students with severe and profound behavioural and emotional disorders.
- **Healthy Schools** – This initiative links the health and education communities to promote healthy children and healthy schools.
- **Other Programs** – Consistent with the Healthy Child Framework, community-based organizations provide programming for at-risk mothers and children.

[38] In July 2000, Manitoba stopped recovering increases in the NCB Supplement. In July 2001, Manitoba stopped recovering the NCB Supplement for children six and under. In January 2003, Manitoba stopped recovering the NCB Supplement for children eleven and under. Effective January 2004, Manitoba will stop the recovery for all children on social assistance.

Table 24 – Manitoba's NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child/Day Care			
Child Day Care[1]	8,018	6,394	2,445
Early Childhood/Children-at-Risk Services			
Children's Special Services[1] *	922	582	1,795
Healthy Child Manitoba:			
Healthy Baby *	3,167	3,170	5,214
Healthy Adolescent Development[2]	334	313	208
Baby First *	3,041	4,255	5,694
Early Start *	894	1,096	1,430
Parent Child Centred Approach*	781	920	2,600
STOP FAS *	508	581	704
Special Needs Programs for Children in Schools	670	770	756
Healthy Schools	155	92	383
Other Programs **	280	818	923
Education & Youth Early Childhood Development Initiative (ECDI) *	0	547	500
Early Literacy	5,700	5,700	5,700
Other			
Workforce Attachment	2,450	2,069	2,260
Building Independence/Social Assistance[1]	3,749	5,149	6,849
TOTAL	**30,667**	**32,456**	**37,461**

[1] The amounts indicated for Child Day Care, Children's Special Services and Social Assistance represent new incremental funding amounts only and do not include base funding in place prior to the introduction of the NCB.

[2] The Healthy Adolescent Development initiative expands on and replaces the Adolescent Pregnancy Prevention Strategy referenced in the *NCB Progress Report: 2001*.

* Funding including Manitoba's Child Day Care program and Early Childhood /Children-at-Risk Services is provided through remaining NCB Supplement recoveries, the federal Early Childhood Development transfer ($11.1 million in 2001-2002 and $14.8 million in 2002-2003) and provincial revenue.

** Includes a variety of community-based programs for at-risk mothers and children.

Note: Totals may not add due to rounding.

- **Education and Youth Early Childhood Development Initiative (ECDI)** – ECDI assists school divisions and districts in their efforts to provide intersectoral services for pre-schoolers (birth to school age). ECDI, in partnership with Healthy Child Manitoba, is designed to facilitate pre-schoolers' readiness to learn prior to school entry.
- **Early Literacy** – This grant program supports efforts to accelerate the literacy development of the lowest achieving students in Grade 1.
- **Workforce Attachment** – New initiative provide low-income parents with training and employment services to help them obtain and maintain employment.
- **Building Independence/Social Assistance** – Manitoba has increased supports for parents to enter or re-enter the labour market, has improved benefits for families receiving income assistance and has increased allowances for school supplies. Job centre supports and work incentives have been enhanced and supports to help citizens become independent have been improved.

Federal/Provincial/Territorial Early Childhood Development Programs

The Government of Manitoba is committed to supporting early childhood development – as demonstrated by new and expanded early years programming. Since April 2000, Manitoba has increased investments in early childhood development by over $40 million (included in the above columns for 2000-2001 to 2002-2003). Through a partnership with regional early year teams and parent-child centred coalitions, a continuum of services to support Manitoba children and families is being developed. The Province of Manitoba is pleased to acknowledge its partnership with the Government of Canada in supporting Early Childhood Development (ECD) initiatives. Of the $40 million incremental investment for ECD in Manitoba since April 2000, Canada has contributed $11.1 million in 2001-2002 and $14.8 million in 2002-2003.

Saskatchewan

NCB reinvestment funds have been used by Saskatchewan to develop supports that help families move from welfare into work, and help prevent working families from falling onto social assistance. Saskatchewan's NCB reinvestment strategy is part of a broader strategic plan to develop mainstream measures that support social and economic inclusion for all Saskatchewan people.

When the NCB was introduced in 1998, Saskatchewan supplemented reinvestment funds with additional provincial investment funds. This additional funding allowed the province to move children's basic benefits completely outside of welfare, extend comparable benefits to low-income working families, and introduce complementary initiatives to support labour market attachment.

Saskatchewan's reinvestments and investments include:

- **Saskatchewan Child Benefit** – This payment to low-income parents is designed to help with the costs of raising a child. Together with the NCB Supplement, the program replaces social assistance for children, and provides child benefits to low-income families, whether parents are on social assistance or employed. Paying child benefits outside of social assistance makes it easier for parents to move to or remain in the labour market. The Saskatchewan Child Benefit is delivered as an integrated payment with the Canada Child Tax Benefit to reduce duplication and simplify administration. Over time, the Saskatchewan Child Benefit will phase out, as it is replaced by federal increases to the NCB Supplement.

Table 25 – Saskatchewan's NCB Reinvestments and Investments

	2000-2001 Expenditures* ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
Saskatchewan Child Benefit	24,825	17,496	13,187
Saskatchewan Employment Supplement	6,121	11,632	13,092
Child/Day Care			
Child Care Enhancements	0	0	723
Health Benefits			
Family Health Benefits	4,804	5,926	6,660
Other			
Community Schools Program	0	4,532	7,112
Employment Supports	0	0	498
Maintenance Enhancement Project	0	0	135
TOTAL**	**35,750**	**39,586**	**41,407**

* Expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to a change in the format of the data.

**Total expenditures shown in the above table include incremental provincial investment funds of $6.8 million in 2000-2001; $1.586 million in 2001-2002; and $247,000 in 2002-2003.

Note: Totals may not add due to rounding.

- **Saskatchewan Employment Supplement** – This benefit is paid to low-income parents who are employed or who receive maintenance payments. The supplement supports employment by offsetting child-related costs that a parent may incur through working. It also improves incentives to collect maintenance payments by increasing the net value of the payment to the family.

- **Child Day Care Program** – Access to suitable child care arrangements is a critical support that helps parents enter and remain in the labour force, especially those whose children have special needs. Enhanced funding was provided in 2002 to develop additional child care spaces and supports for the inclusion needs of low-income and high- needs families. These targeted supports provide low-income families with affordable, reliable child care so they can go to work or school and feel secure about the care of their children.

- **Family Health Benefits** – This program extends supplementary health coverage to low-income families to assist with the cost of raising children. The program provides additional children's coverage for dental, optometry, chiropractic services, prescription drugs, ambulance transportation, and medical supplies. More limited coverage for eye care, drugs, and chiropractic services is also provided to parents. With this program, low-income families are assured of retaining health benefits as they leave social assistance for work opportunities and are not forced onto assistance due to children's health costs.

- **Community Schools Program** – In 2001-2002 and 2002-2003, incremental funding was provided to expand the Community Schools Program. Located in low-income areas, this program addresses barriers to success in school and in life by drawing parents and community resources into the schools. Parenting, pre-kindergarten and teen parent programs, and adult education courses are among the programs offered in community schools. Through the adult programming offered at Community Schools many participants gain the necessary skills and supports to enter the work force or pursue further training opportunities.

- **Employment Support Programs** – These programs provide on-the-job training, job coaching, and productivity supports to assist individuals to attach to and remain in the labour force. In 2002-2003, targeted funding was provided to enable families on social assistance and high-risk youth under 18 years, who are at risk of becoming reliant on social assistance, access employment opportunities and make the transition to independence.

- **Maintenance Enhancement Project** – This project, introduced in 2002-2003, assists low-income single parents to receive or increase maintenance income for their children. The income from child maintenance payments, which is eligible for additional supplementation available under the Saskatchewan Employment Supplement, helps parents achieve greater financial independence.

Alberta

Alberta's NCB programs aim to prevent and reduce the depth of child poverty, assist low-income families with costs associated with raising children and encourage parents to participate in the workforce by ensuring they are better off working. The NCB reinvestment funds, along with Alberta's provincially invested funds support programs and services which complement and support existing legislation for low-income families with children.

Alberta's NCB reinvestments and investments include:

- **Child Care Subsidy –** The province's child care program helps working parents remain in the labour market. In 2000-2001, Alberta allocated additional NCB reinvestment funds to raise the net income qualification levels for the Child Care Subsidy. Alberta continues to assist 12,000 children by maintaining these higher income qualification levels.
- **Developmental Child Care** – This is a new NCB benefit for 2002-2003. It is a child care quality improvement benefit to support programs such as pre-accreditation of day care staff, home visitation, train-the-trainer to assist families with children living in high-risk situations, child nutrition supports and family respite.
- **Alberta Child Health Benefit (ACHB)** – This is Alberta's largest NCB program. The ACHB removes a significant barrier faced by low-income parents who are moving from social assistance programs to employment. The ACHB provides premium-free prescription drugs, optical and dental services, emergency ambulance transportation and essential diabetic supplies to children in low-income families.
- **Alberta Adult Health Benefit (AAHB)** – This is a new benefit that complements the ACHB program, by providing the same medical coverage as the ACHB to parents who leave social assistance to pursue employment. This benefit for parents leaving the Supports for Independence program for employment purposes came into effect November 1, 2002.
- **Protection of Children Involved in Prostitution (PChIP)** – The government of Alberta included this service in groundbreaking legislation to protect children from sexual exploitation. Under PChIP, children and youth are provided a safe environment along with substance abuse counselling, medical supports, psychological services and educational and life skills supports.
- **Supports for Independence (SFI) Shelter Benefit** – This reinvestment increases shelter benefits for families with children who rely on the provincial income support program, SFI, to meet their basic needs. Over 11,000 families with children benefited from an increased SFI benefit during 2001-2002.
- **Transitional Support for Youth Leaving Child Welfare** – Alberta reinvested in supports for youth making the transition from Child Welfare to independent living. Included in this service are supported independent living programs, mentoring, and various incentives and supports to pursue education or training.
- **SFI School Allowance Benefit** – NCB reinvestment funding helps cover the costs of registration fees, school and gym supplies and other education related costs. This benefit was provided to over 21,000 Alberta children during 2001-2002.

- **SFI Earnings Exemption** – Effective December 2001, the earnings exemption for families receiving SFI was increased. Single parents and families with two working parents can now earn up to $230 per month before their SFI benefits are reduced. Any income from children in the family unit is exempted 100% as long as the child is in school full-time. In addition to these changes, an **Employment Maintenance Benefit** of $120 is provided for parents who face extra costs, such as transportation, which are associated with their jobs.

Table 26 – Alberta's NCB Reinvestment and Investments

	2000-2001 Expenditures* ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child/Day Care			
Child Care Subsidy	6,300	6,200	6,200
Developmental Child Care	0	0	2,200
Supplementary Health Benefits			
Alberta Child Health Benefit**	17,300	17,243	19,266
Alberta Adult Health Benefit	0	0	0
Early Childhood/Children-at-Risk Services			
Protection of Children Involved in Prostitution	600	600	600
Other			
Supports for Independence (SFI) Shelter Benefit	5,735	4,640	4,650
SFI School Allowance Benefit	1,250	1,151	1,184
SFI Earnings Exemption Increase	0	2,051	6,207
Employment Maintenance Benefit	0	315	299
Transitional Support for Youth Leaving Child Welfare	937	1,250	1,250
TOTAL	**32,122**	**33,450**	**42,456**

* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report: 2001* due to data revisions.

** Alberta Child Health Benefit expenditures do not include benefits paid for children of upgrading students. The funding for this comes from reducing student assistance to offset part of the NCB Supplement received by students with children.

Note: Totals may not add due to rounding.

British Columbia

British Columbia's NCB reinvestments are devoted to a wide range of programs benefiting low-income families with children. The province's commitment to this type of program began before the NCB was established. For example, the BC Family Bonus was implemented two years before the NCB and served as one of the models for the national program.

British Columbia reinvestments include:

- **BC Earned Income Benefit (BCEIB)** – The BC Earned Income Benefit was introduced in July 1998 as an additional incentive for those on welfare to seek work and remain employed. The BCEIB pays an additional monthly amount based upon the earned income that a family receives from working.
- **BC Family Bonus Increase** – The BC Family Bonus (BCFB) is a tax-free monthly benefit paid to low- and modest-income families with children. The program was implemented in 1996, two years prior to the implementation of the NCB. In 1998, the BCFB was combined with the base benefit of the CCTB into a single monthly payment for families with children. Since 1996 British Columbia has invested almost $1.6 billion in the BCFB.

Since July 1998, the combined BC Family Bonus and NCB Supplement has increased from up to $103 per child per month to about $116 per child per month in 2002-2003.

The BCEIB and the BC Family Bonus are tax-free monthly benefits that make it more attractive for those on welfare to seek work and to remain employed. Benefits from these programs are combined with the base benefit of the CCTB into a single monthly payment.

- **Family Earnings Exemption** – A flat rate earnings exemption was introduced in January 2000, which allowed families on income assistance to keep up to $200 of earned income each month. This program was eliminated in April 2002.
- **Supported Child Care** – The Supported Child Care program promotes inclusion of children with special needs in "typical" community child care settings. In addition, a space-fee subsidy of up to $107 per month is available.
- **Before and After School Care/Child Care Subsidy, Volume Increase** – The Ministry expanded access to before and after school care for children age 6 to 12 years. The Ministry provided additional funds for its child care subsidy program. The increment included under NCB is for increased subsidy uptake for before and after school care.
- **Healthy Kids Dental and Optical** – The Healthy Kids program extends basic dental treatment and eyewear to children in low- and moderate-income families. Healthy Kids removes one of the barriers to moving from welfare to work by providing coverage to children receiving services through the Ministry.
- **Building Blocks** – Building Blocks programs cover a range of community-based services to support children and their families in areas of Fetal Alcohol Spectrum Disorder prevention, building parent capacity through infant toddler stimulation and home visiting programs. The initiatives work with communities and families to support families in need of additional supports to enhance their capacity to provide a safe, nurturing environment that maximizes children's growth and development potential.
- **Foster Care 2000** – Foster Care 2000 provides for continuing improvements to training and support for foster parents. The budget for this program was increased in the 2000-2001 fiscal year.

Table 27 – British Columbia's NCB Reinvestments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
BC Earned Income Benefit	69,784	68,378	69,696
BC Family Bonus Increase	10,000	57,230	76,540
Family Earnings Exemption	17,936	18,212	0
Child/Day Care			
Supported Child Care	1,000	1,725	2,084
Before and After School Care	14,000	25,077	30,257
Child Care Volume Increase	1,350	0	0
Supplementary Health Care			
Healthy Kids Dental and Optical	0	1,425	0
Early Childhood/Children-at-Risk Services			
Foster Care 2000	1,000	2,292	2,292
Youth Initiatives	5,830	8,522	15,791
Family Support Programs	28,400	28,400	29,525
Youth Alcohol and Drug Strategy	6,450	6,524	7,262
Aboriginal Strategy	4,700	6,220	19,948
School-based Programs	1,500	2,508	2,508
Other			
Youth Community Action	500	1,765	0
Education Support for Families	6,400	6,400	6,400
Social Housing	6,400	10,034	13,822
Safe Schools	1,000	1,137	1,274
TOTAL	**176,250**	**245,849**	**277,399**

The amounts reported for 2001-2002 and the estimates reported for 2002-2003 exclude the amounts reported under the Early Childhood Development Agreement.

Note: Totals may not add due to rounding.

- **Youth Initiatives** – These programs are targeted to at-risk youth. They include safe housing for sexually-exploited youth and youth agreements which provide financial, residential, educational and other support services to assist street youth, sexually-exploited youth and other homeless youth in making a transition to adulthood and financial/social independence.
- **Family Support Programs** – Family Support Programs are intended to enhance family functioning, to preserve family integrity and to offer child development and parenting skills assistance to families.
- **Youth Alcohol and Drug Strategy** – This strategy has included funding for new youth detox beds, youth residential services beds, youth residential detox and treatment services beds, intensive day treatment programming and family and youth counsellors and strategies to address Fetal Alcohol Syndrome.
- **Aboriginal Strategy** – This funding is devoted to developing administrative and service structures for Aboriginal organizations and training of staff who will develop and deliver services for children and families.
- **School-based Programs** – Funding is provided for school-based programs, including youth and family counsellors, inner city schools, school meals programs and other supports.
- **Youth Community Action** – This program wound down in 2001-2002. It provided young people with the opportunity to earn credit for tuition fees while participating in approved community service projects. A maximum of $2,400 could be applied towards post-secondary tuition fees.
- **Education Supports for Families** – This benefit represents a $50 per week increase to students with dependants. The support recognizes the challenge faced by those students who are going to school while raising children.
- **Social Housing** – The Government of British Columbia has been actively increasing availability of and access to affordable housing for low-income British Columbia families. As new housing is completed, subsidy expenditures for families increase year over year.
- **Safe Schools** – The province's safe schools program provided funding for the development of violence prevention programs, raising awareness about safety issues, and addressing the factors that can lead to violence in BC schools. In 2001-2002, funding helped to maintain the Safe School Centre until June 2002.

Yukon

All of the Yukon reinvestments and investments were put in place to support the government's Anti-Poverty Strategy and its emphasis on supporting healthy children, healthy families, and healthy communities as well as recognizing the long-term benefits of early childhood interventions. They also represent an integration of health and social services programming.

Yukon's reinvestments and investments include:

Yukon Child Benefit (YCB): Investment

- Yukon families in receipt of the base benefit of the CCTB and the NCB Supplement are automatically considered for the Yukon Child Benefit (YCB). The YCB is an investment that supplements the NCB and is based on the same objectives and principles.
- The benefit is tax-free and is not considered as income (i.e., not counted) when calculating social assistance benefits. The full benefit of $300 per year per child is available for families with net annual incomes below $16,700. Families with net annual incomes above $16,700 have the full benefit gradually reduced at 2.5 percent for the first child and five percent for all additional children. Benefits reach $0 at annual incomes of $28,700 for families with one and two children, $34,700 for families with three children, $40,700 for families with four children and $46,700 for families with five children.
- In 2000-2001 a total of 1,154 families with 2,148 children benefited from the YCB. In 2001-2002 a total of 1,065 families with 1,958 children benefited from the YCB.
- It is estimated that in 2002-2003, approximately 1,200 families with 2,200 children will benefit from the YCB.

The Yukon Government negotiated a recovery from Indian and Northern Affairs Canada (INAC) for costs of the YCB associated with status Indian children in the Yukon.

Table 28 – Yukon's NCB Reinvestments and Investments

	2000-2001 Expenditures* ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
Yukon Child Benefit**	357	317	350
Supplementary Health Benefits			
Children's Drug/Optical	20	20	20
Early Childhood Services/Children-at-Risk Services			
Kids' Recreation Fund	60	60	60
Healthy Families	145	180	180
Food for Learning	30	30	30
TOTAL	**612**	**607**	**640**

* Some of the expenditures for 2000-2001 differ from those reported in the *NCB Progress Report. 2001* due to data revisions.

**Not including funds recovered from the federal Department of Indian Affairs and Northern Development.

Note: Totals may not add due to rounding.

Yukon Children's Drug and Optical Program (CDOP): Reinvestment

This program is designed to assist low-income families with the cost of prescription drugs and eye care for children up to 18 years of age.

- Families must pay a deductible based on their income and the number of family members. There is no deductible for low-income families.
- 392 children benefited during 2000-2001.
- 324 children benefited in 2001-2002.
- It is estimated that 375 children will benefit in 2002-2003.

Kid's Recreation Fund (KRF): Reinvestment

- The fund covers registration fees, equipment and supplies for sports, arts, cultural, recreational or social activities.
- In the year 2000-2001, 900 children benefited from the program. In the year 2001-2002, 743 children benefited from the program.
- It is estimated that 900 children will benefit from the program in 2002-2003.

Healthy Families Initiative: Reinvestment

This program – in partnership with public health nurses and healthy family support workers – provides in-home assistance and education to new parents, to ensure that infants receive care and stimulation so crucial to their long-term well-being and healthy development and supports to parents who are adapting to life with an infant and learning necessary skills to care for the child.

- 41 families and 50 children benefited from this program during 2000-2001 in addition to the screening of 251 births.
- In 2001-2002, 208 screens were completed with 92 families and 76 children benefiting from the program.
- It is estimated that in 2002-2003 there will be 104 families with 93 children benefiting from the program.

Food for Learning: Investment

The "Yukon Food for Learning" Society provides funds to assist schools in offering nutrition programs such as breakfast, lunch or snacks for students who, for some reason, do not have enough to eat.

- The Yukon Government provided a one-time reinvestment of $30,000 in 1998-1999 to enhance the Food for Learning Project for a total contribution of $60,000 ($30,000 investment).
- The project is currently operated by a non-governmental organization that receives funds from the territorial government, donations and other sources.

Social Assistance adjustments are made monthly by treating the actual amount of the NCB Supplement received as a separate category under income. This results in a deduction from social assistance that is not subject to either the flat rate income exemption ($150/family/month) or the earned income exemption (25% of earned income). For non-taxfilers, the amount of the NCB Supplement is covered by social assistance but the client must sign an "agreement to repay" when their NCB Supplement is issued for the portion that social assistance covered. This situation rarely happens.

Northwest Territories

The Government of the Northwest Territories continues to reinvest funding arising from the NCB in the Northwest Territories Child Benefit (NWTCB) and the Healthy Children Initiative. In order to reduce duplication and streamline efficiency, the Canada Customs and Revenue Agency delivers the NWTCB for the Northwest Territories, as an integrated payment with other federal child benefits.

- NWT Child Benefit – This was provided to low-income NWT families as follows over the past 3 years
- 1999-2000 – 5,800 children in 3,000 families;
- 2000-2001 – 5,100 children in 2,600 families;
- 2001-2002 – 5,000 children in 2,500 families.

The NWTCB is a cash benefit, which provides a maximum of $330 per child per year for families with income of $20,921 or less in the previous year. The Territorial Workers' Supplement provides families with between $3,750 and $10,000 in working income the previous year with annual benefits of up to $275 for the first child and $75 for the second.

- **Healthy Children Initiative** – While the 1998-1999 reinvestment continues to fund the NWTCB, subsequent increases have been directed to the Healthy Children Initiative (HCI), which has been offered by the Government of the NWT since 1997. The program is recognized as playing a major role in communities by providing programs for children six years of age or under and their families. Funding, based on written proposals, is provided to community groups to plan and deliver programs specifically tailored to meet the needs of that community.

The Government of the Northwest Territories adds an annual investment of over $1.4 million to fund its commitment under these two programs.

The NCB plays a significant role in encouraging people to join the workforce or to continue employment by providing a stable source of income for their children. The income that it provides helps families while they are between jobs or just finishing school. Rather than accessing Income Assistance to feed their children, low-income families in need can use the money that they receive through the NCB Supplement and the NWT Child Benefit to bridge that gap. Because of the support that these provide, and the robust NWT economy, more low-income families have raised their standard of living.

The effect of these new benefits and the positive economy is apparent in the significant expenditures decline on the NWTCB. These expenditures have fallen by approximately 13% since its inception in 1998, from $2,000,000 in 1999-2000 to $1,740,000 in 2001-2002. It is clear that NWT residents are taking advantage of employment opportunities in the mining, oil and gas and service sectors.

Table 29 – Northwest Territories NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
NWT Child Benefit/Territorial Workers' Supplement	1,773	1,740	1,750
Early Childhood Services/ Children-at-Risk Services			
Healthy Children Initiative	367	419	419
TOTAL	**2,140**	**2,159**	**2,169**

Note: Totals may not add due to rounding.

Nunavut

The Territory of Nunavut has been in existence since April 1, 1999. The Government of Nunavut's NCB reinvestments and investments include the Nunavut Child Benefit, the Territorial Workers' Supplement and the Healthy Children Initiative. The NCB Supplement is treated as income in Nunavut, thereby reducing the amount of social assistance payable to a family. Canada Customs and Revenue Agency delivers the Nunavut Child Benefit and the Territorial Workers' Supplement as an integrated payment with the federal child benefits.

Nunavut's reinvestments and investments include:

- **Nunavut Child Benefit** – This cash benefit is paid to all families with net income of $20,921 or less in the previous year. These families receive $330 for each eligible child under the age of 18 living at home. An estimated 6,800 children in 3,050 families will receive the Nunavut Child Benefit in 2002-2003.
- **Territorial Workers' Supplement** – This is an additional benefit for working families with children under the age of 18 living at home. Eligible participants may receive up to $275 per year for the first child and $75 for the second. To qualify, the family must have earned income of at least $3,750 in the previous year.
- **Healthy Children Initiative** – This initiative focuses on the healthy development of children up to the age of six through the improvement or expansion of community-based programs and services for young children and their families. Funding, based on written proposals, is provided to community groups to plan and deliver programs tailored to meet the needs of that community.

Table 30 – Nunavut's NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child Benefits & Earned Income Supplements			
Nunavut Child Benefit/Territorial Workers' Supplement	2,287	2,300	2,600
Early Childhood Services/ Children-at-Risk Services			
Healthy Children Initiative	486	325	n/a*
TOTAL	**2,773**	**2,625**	**2,600**

* Estimates for the Healthy Child Initiative are not available in 2002-2003.

Note: Totals may not add due to rounding.

First Nations

First Nations on reserve and the federal government are cooperatively addressing the needs of low-income families through the First Nations NCB reinvestment component. Approximately 600 First nations across the country participate in the NCB. Programs undertaken by First Nations vary from community to community and tend to cover a wider range of program areas than those of their provincial and territorial counterparts.

In assessing the figures below, it is important to note that bands funded under multi-year funding agreements are excluded from the totals for Atlantic, Ontario, Alberta, and British Columbia. As Indian and Northern Affairs Canada (INAC) does not administer social assistance in the Northwest Territories and Nunavut, reinvestments in these areas are not included. Self-governing bands in the Yukon are excluded and figures for the Atlantic region do not include Newfoundland and Labrador.

NCB reinvestment programs for First Nations on reserve fall into five activity areas:

- **Child/Day Care** – Development and enhancement of day care facilities.
- **Child Nutrition** – Provides school meal programs as well as education to parents on family nutrition and meal preparation.
- **Early Childhood Development** – This reinvestment provides early intervention for parents in order to give children a healthy start in life.
- **Employment Opportunities/Training Programs** – Offer programs which support employment opportunities for low-income families with children.
- **Community Enrichment** – Reinvestments were used to support a number of community and cultural programs in order to build stronger communities and provided a sense of community ownership of the NCB.

Table 31 – First Nations' NCB Reinvestments and Investments

Program Type	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Child/Day Care	617.0	697.3	n/a
Child Nutrition	5,002.7	6,652.3	n/a
Early Child Development	3,463.2	1,246.3	n/a
Employment Opportunities/Training	5,078.5	5,372.4	n/a
Community Enrichment	8,821.5	19,351.2	n/a
Sub-Total	**22,982.9**	**33,319.5**	**n/a**
Additional Expenditures by First Nations with Multi-Year Agreements and Comprehensive Funding Agreements	27,255.8	18,097.4	n/a
Additional Reinvestment Envelope[39]	4,039.2	5,762.9	n/a
TOTAL	**54,277.9**	**57,179.8**	**51,900.0**

A breakdown of 2002-2003 estimates is not available.

Note: Totals may not add due to rounding.

[39] The Additional Reinvestment Envelopment includes funding to reimburse Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid on reserve.

Table 32 – First Nations' NCB Reinvestments and Investments by Region

	2000-2001 Expenditures ($000)	2001-2002 Estimates ($000)	2002-2003 Estimates ($000)
Yukon	264.1	341.1	n/a
British Columbia	4,324.0	4,174.1	n/a
Alberta	9,667.2	8,566.1	n/a
Saskatchewan	11,440.8	15,391.7	n/a
Manitoba	7,785.6	5,322.1	n/a
Ontario	5,217.5	7,355.3	n/a
Quebec	8,539.5	8,717.9	n/a
Atlantic	3,000.0	1,548.6	n/a
Sub-Total	**50,238.7**	**51,416.9**	**n/a**
Additional Reinvestment Envelope[40] Saskatchewan and Yukon	4,039.2	5,762.9	n/a
Total	**54,277.9**	**57,179.8**	**51,900.0**

A breakdown of 2002-2003 estimates is not available.

Note: Totals may not add due to rounding.

[40] The Additional Reinvestment Envelopment includes funding to reimburse Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid on reserve.

Citizenship and Immigration Canada

Resettlement Assistance Program

The Resettlement Assistance Program (RAP) for government-assisted refugees provides income support and a range of essential services that benefit families with children. Income support is provided for 12 months or until the client has become self-sufficient, whichever comes first, with a maximum of 24 months' coverage for certain special needs refugees. Clients who are not self-sufficient at the end of the period of RAP support are entitled to provincial/territorial assistance.

Citizenship and Immigration Canada (CIC) is committed to the objectives of the National Child Benefit program and administers the program through its local and regional offices following provincial/territorial social assistance guidelines which help to maintain a national standard for clients.

The funds available as a result of the income support adjustments are reinvested into benefits for refugee families with children. The NCB Transportation Allowance provides a supplement that assists families in their transportation costs. The Children under 6 Years Allowance is a benefit that recognizes the additional costs associated with young children. The School Start-Up Allowance is a supplement provided to families with school-age children. A Newborn Allowance assists clients with the costs of having a baby.

The KOSOVO project was a one-time project which saw funding provided for a period of two years and the project is now complete. Reporting for the KOSOVO project will cease after 2002. There are no longer any KOSOVO clients eligible for RAP income support.

Table 33 – Citizenship and Immigration Canada's NCB Reinvestments and Investments

	2000-2001 Expenditures ($000)	2001-2002 Estimates* ($000)	2002-2003 Estimates* ($000)
Child Benefits & Earned Income Supplements			
Children under 6 Allowance/Newborn Allowance/School Start-up Allowance	563	562	400
Other			
Transportation	3,286	2,292	1,492
Total	**3,849**	**2,854**	**1,892**

* Estimated expenditures for 2001-2002 and 2002-2003 have decreased due to the phasing out of the Kosovo movement initiative.

Note: Totals may not add due to rounding.

Appendix 3
Results of the SLID Analysis

Table 34 – Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2000 to December 2000

SLID 2000	One-Parent Families	Two-Parent Families	All Families
Post-Tax LICOs			
Decline in Number of Children Living in Low Income	16,100	37,200	55,000
Decline in Number of Families Living in Low Income	8,600	14,300	22,900
Percentage Change in Number of Families Living in Low Income	-4.1%	-6.0%	-5.1%
Decline in Incidence of Low Income Among Families with Children*	1.2	0.5	0.6
Pre-Tax LICOs			
Decline in Number of Children Living in Low Income	13,100	27,900	41,200
Decline in Number of Families Living in Low Income	7,000	11,600	18,600
Percentage Change in Number of Families Living in Low Income	-2.5%	-3.7%	-3.2%
Decline in Incidence of Low Income Among Families with Children*	-1.0	-0.4	-0.5
Post-Tax LIM			
Decline in Number of Children Living in Low Income	15,400	51,600	67,500
Decline in Number of Families Living in Low Income	7,800	16,700	24,500
Percentage Change in Number of Families Living in Low Income	-3.5%	-6.6%	-5.1%
Decline in Incidence of Low Income Among Families with Children*	1.1	0.5	0.6

* Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 2000.

Table 35 – Changes in Disposable Incomes due to the NCB Among Families with Children by Family Type: January 2000 to December 2000

SLID 2000	One-Parent Families	Two-Parent Families	All Families
Post-Tax LICOs			
Remained Living in Low Income in 2000			
Increase in Disposable Income due to NCB	$500	$900	$700
Percentage Increase in Income	3.1%	4.8%	4.1%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income due to NCB	$1,250	$2,100	$1,800
Percentage Increase in Income	6.0%	8.3%	7.5%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income due to NCB	$500	$500	$500
Percentage Increase in Income	1.4%	1.4%	1.4%
Pre-Tax LICOs			
Remained Living in Low Income in 2000			
Increase in Disposable Income due to NCB	$450	$850	$700
Percentage Increase in Income	2.7%	4.1%	3.5%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income due to NCB	not available	not available	$1,400
Percentage Increase in Income			5.2%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income due to NCB	$500	$500	$500
Percentage Increase in Income	1.2%	1.1%	1.2%
Post-Tax LIM			
Remained Living in Low Income in 2000			
Increase in Disposable Income due to NCB	$450	$950	$700
Percentage Increase in Income	3.0%	5.0%	4.2%
Were Prevented from Living in Low Income in 2000			
Increase in Disposable Income due to NCB	$1,200	$2,100	$1,850
Percentage Increase in Income	5.6%	7.1%	6.7%
Other Families with Children Who Received NCB Supplement in 2000			
Increase in Disposable Income due to NCB	$500	$500	$500
Percentage Increase in Income	1.4%	1.2%	1.3%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

Table 36 – Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2000 to December 2000

SLID 2000	One-Parent Families	Two-Parent Families	All Families
Post-Tax LICOs			
Decline in Low Income Gap ($ millions)	$100	$220	$320
Percentage Change in the Low-Income Gap	-7.6%	-11.0%	-9.6%
Pre-Tax LICOs			
Decline in Low Income Gap ($ millions)	$123	$263	$389
Percentage Change in the Low-Income Gap	-5.2%	-7.8%	-6.7%
Post-Tax LIM			
Decline in Low Income Gap ($ millions)	$101	$228	$332
Percentage Change in the Low-Income Gap	-7.6%	-11.4%	-9.9%

Source: Based on Statistics Canada special tabulations from the SLID 2000.

Appendix 4
Additional Statistical Information

These additional statistical tables supplement the information contained in this report. They provide information on low income and labour market participation trends and are on the NCB website site at: www.nationalchildbenefit.ca.

Table 1a: Post-tax LICOs – Income thresholds, by family size and community size, 2000

Table 1b: Pre-tax LICOs – Income thresholds, by family size and community size, 2000

Table 1c: Post-tax LIM – Income thresholds, by family size and composition, 2000

Table 2: LICOs & LIM – Number and percentage of families with children under 18 below the low-income thresholds, by family type, Canada, 1984 to 2000

Table 2a: LICOs & LIM – Number and percentage of children under 18 below the low-income thresholds, by family type, Canada, 1984 to 2000

Table 3a: Post-tax LICOs – Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2000

Table 3b: Pre-tax LICOs – Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2000

Table 3c: Post-tax LIM – Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2000

Table 4: LICOs & LIM – Average market income of low-income families with children under 18 as a percentage of the low-income thresholds, by family type, Canada, 1984 to 2000

Table 5: LICOs & LIM – Percentage of low-income families with children under 18 employed for pay during the year, by family type, Canada, 1984 to 2000

Table 6: Estimated number of families with children under 18 receiving social assistance, by family type, Canada, 1987 to 2002

Table 7: Federal expenditures on CCTB benefits (the NCB Supplement and the CCTB base benefit) for NCB Supplement recipients, by province/territory, July 2001 to June 2002

Table 8: Federal expenditures on CCTB benefits (the NCB Supplement and the CCTB base benefit) for CCTB base benefit recipients, by province/territory, July 2001 to June 2002

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